IMPORTANT NOTICE

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Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Chongqing Fengdu Cultural And Tourism Group Co., Ltd.（重慶豐都文化旅遊集團有限公司）(the "**Issuer**"), Shenwan Hongyuan Securities (H.K.) Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Dingxin (Securities) Limited, SunRiver International Securities Group Limited, Central International Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited, CNI Securities Group Limited, Victoria Harbour Securities International Limited and Founder Securities (Hong Kong) Limited (together, the "**Joint Lead Managers**") that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular 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 neither the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank (each as defined in the Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisors or any person who controls any of them 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

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES 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 THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the Offering Circular 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 this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, 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 TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Chongqing Fengdu Cultural And Tourism Group Co., Ltd.
（重慶豐都文化旅遊集團有限公司）

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

CNY200,000,000 4.8 per cent. Credit Enhanced Bonds due 2027
with the benefit of an irrevocable Standby Letter of Credit issued by Chongqing Three Gorges Bank Co., Ltd.

Issue Price: 100.0 per cent.

The CNY200,000,000 4.8 per cent. credit enhanced bonds due 2027 (the "**Bonds**") will be issued by Chongqing Fengdu Cultural And Tourism Group Co., Ltd.（重慶豐都文化旅遊集團有限公司）(the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability. The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") denominated in Renminbi and issued by Chongqing Three Gorges Bank Co., Ltd. (the "**LC Bank**"). See "*Appendix I – Form of Irrevocable Standby Letter of Credit*" for the form of the Standby Letter of Credit. The Bondholders shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds solely by virtue of the Issuer being a state-owned enterprise of the PRC. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. See "*Risk Factors – The PRC Government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer*".

The Bonds will bear interest on their outstanding principal amount from and including 19 December 2024 (the "**Issue Date**") at the rate of 4.8 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY240.0 per Calculation Amount (as defined in the Terms and Conditions of the Bonds (the "**Terms and Conditions**")) on 19 June and 19 December in each year (each an "**Interest Payment Date**"), commencing on 19 June 2025. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law as described in "*Terms and Conditions of the Bonds – Taxation*".

Neither the Fengdu County State-Owned Assets Affairs Center ("**Fengdu SAAC**") nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and will not provide a guarantee of any kind for the Bonds. The Bondholders (as defined below) shall have no recourse to the Fengdu SAAC or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer undertakes that it will (i) within the prescribed time submit or caused to be submitted an application for the registration of the Bonds with the State Administration of Foreign Exchange of the PRC ("**SAFE**") pursuant to the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）and its operating guidelines（外債登記管理操作指引）issued by SAFE which came into effect on 13 May 2013 and as amended on 4 May 2015 and, if applicable, the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing（中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知）issued by the People's Bank of China (the "**PBOC**") and which came into effect on 12 January 2017 and as amended on 4 February 2021 and if applicable, the SAFE Operating Guidelines for Foreign Exchange Business under the Capital Account (2024 Version)（資本項目外匯業務指引（2024年版））, and any implementation rules, reports, certificates or guidelines as issued by SAFE or the PBOC, as the case may be and from time to time (the "**Foreign Debt Registration**"); (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline (as defined in the Terms and Conditions); and (iii) comply with all applicable PRC laws and regulations in relation to the issue and registration of the Bonds promulgated thereunder from time to time.

Pursuant to the Administrative Measures for the Examination and Registration of Medium and Long-term Foreign Debts of Enterprises（《企業中長期外債審核登記管理辦法》（中華人民共和國國家發展和改革委員會令第56號））(the "**Order 56**") issued by National Development and Reform Commission of the PRC (the "**NDRC**") on 5 January 2023 which came into effect on 10 February 2023, the Issuer has registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 29 December 2023 evidencing such registration and which remains in full force and effect and the Issuer undertakes that it will (i) file or cause to be filed with the NDRC within 10 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date the requisite information and documents in respect of the Bonds (the "**NDRC Post-issue Filing**") in accordance with the Order 56 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Administrative Measures**") and (ii) comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing and the NDRC Administrative Measures.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 19 December 2027 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined in the Terms and Conditions) in accordance with Condition 16 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with any unpaid interest accrued up to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 December 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Bonds will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 100 per cent. of their principal amount, together with any unpaid interest accrued up to, but excluding, the Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase*". In addition, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date on which the Pre-funding Failure Notice (as defined in the Terms and Conditions) is given to the Bondholders in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions, together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date (as defined in the Terms and Conditions). See "*Terms and Conditions of the Bonds – Redemption and Purchase – Mandatory Redemption upon Pre-funding Failure*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 58.

The Bonds will be issued in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Bonds are offered to professional investors only and are not suitable for retail investors. Investors should not purchase the bonds in the primary or secondary markets unless they are professional investors. The Bonds are complex financial instruments and are not a suitable or appropriate investment for all investors. Investing in the Bonds involves certain risks. Potential investors should read the whole of this document, in particular the factors described under the section headed the "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Bonds and the Standby Letter of Credit have not been and will not be registered under the United States 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. The Bonds are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds, the Standby Letter of Credit and the distribution of this Offering Circular, see "*Subscription and Sale*".

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle for, admission of the Bonds to the Official List of the SGX-ST and the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), its joint ventures (if any) or the Bonds. For so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of US$200,000 (or its equivalent in other currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of CNY1,500,000.

The Bonds will not be rated.

Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority (the "**HKMA**") as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"), the book entry clearing system operated by the HKMA. The Global Certificate will be held for the account of CMU members who have accounts with the Operator, or the CMU participants. Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**"), such persons will hold their interest through an account opened and held by Euroclear and Clearstream (as the case may be) with the Operator. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See "*Summary of Provisions relating to the Bonds in Global Form*" beginning on page 84.

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

Shenwan Hongyuan (H.K.)

Joint Lead Managers and Joint Bookrunners

China Zheshang Bank Co., Ltd. (Hong Kong Branch)	**Industrial Bank Co., Ltd. Hong Kong Branch**	**Guotai Junan International**

Dingxin (Securities) Limited	**SunRiver International Securities Group Limited**	**Central International Securities**	**GF Securities**
Haitong International	**CNI Securities Group Limited**	**Victoria Harbour Securities**	**Founder Securities (Hong Kong)**

Offering Circular dated 12 December 2024

NOTICE TO INVESTORS

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

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular 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.

Listing of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer and its subsidiaries (collectively, the "**Group**") its associated companies (if any), its joint ventures (if any) or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Group, the LC Bank, the Standby Letter of Credit and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Issuer, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Group, the Standby Letter of Credit and the Bonds which is material in the context of the issue and offering of the Bonds (including all information which is required by applicable laws and according to the particular nature of the Issuer, the Group, the LC Bank, the Standby Letter of Credit and the Bonds which is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group, the LC Bank and the rights attaching to the Bonds and the Standby Letter of Credit); (ii) the statements with respect to the Issuer, the Group, the Standby Letter of Credit and the Bonds contained in this Offering Circular are true and accurate in all material respects and not misleading; (iii) the opinions and intentions expressed with regard to the Issuer and to the Group in this Offering Circular are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Standby Letter of Credit or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement, opinion or intention expressed in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular (other than those parts relating to the LC Bank); (vi) this Offering Circular does not include any untrue statement of a material fact; or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects; and (viii) the information relating to the LC Bank included in this Offering Circular has been derived from or extracted from, among other sources, publicly available information and the Issuer has exercised reasonable care in compiling and reproducing such information included in this Offering Circular relating to the LC Bank.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Shenwan Hongyuan Securities (H.K.) Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Dingxin (Securities) Limited, SunRiver International Securities Group Limited, Central International Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited, CNI Securities Group Limited, Victoria Harbour Securities

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

No person has been or is authorised to give any information or to make any representations concerning the Issuer, the Group, the LC Bank, the Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or the LC Bank or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is given by the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. To the fullest extent permitted by law, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and any person who controls any of them do not accept any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them or on their behalf in connection with the Issuer or the issue and offering of the Bonds or the giving of the Standby Letter of Credit. Each of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any such statement herein. None of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agent or advisers or any person who controls any of them undertake to review the financial condition or affairs of the Issuer, the Group or the LC Bank after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds or any information coming to the attention of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. The Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agent or advisers or any person who controls any of them have not independently verified any of the information contained in this Offering Circular and give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Group, the LC Bank, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group, the LC Bank, the Standby Letter of Credit and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and each of their respective affiliates, directors, officers, employees, representatives, agents or advisers and each person who controls any of them are not making any representation to any purchaser of Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulation. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors:

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and

Futures Commission (the Code). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

Any of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

Singapore SFA Product Classification – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person.

This Offering Circular summarises certain material documents and other information, and the Issuer and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Investors or prospective investors should consult their own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Bonds.

IN CONNECTION WITH THIS OFFERING, ANY JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE "STABILISING MANAGER") OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Warning

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this Offering Circular, that investor should obtain independent professional advice.

Industry and Market Data

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

Presentation of Financial Information of the Issuer

This Offering Circular contains consolidated financial information of the Group as at 1 January 2023 and 31 December 2023 and for the years ended 31 December 2022 and 2023, which has been extracted from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements have been audited by Zhongxinghua Certified Public Accountants LLP（中興華會計師事務所(特殊普通合夥)）(the "**Zhongxinghua**"), the current independent auditor of the Issuer. The Audited Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "**PRC GAAP**") and Auditing Standards for Chinese Certified Public Accountants.

MOF had promulgated certain new accounting standards and requirements in relation to financial statements (the "**New Accounting Standards and Requirements**") and certain financial figures, classification and/or measurements in the Audited Consolidated Financial Statements and were adjusted as a result of the promulgation of the New Accounting Standards and Requirements. See "*2023 Financial Statement Notes – III. Significant accounting policies and accounting estimate – (XXVIII) Major accounting policy and accounting estimate changes, and error corrections*" of the Audited Consolidated Financial Statements. As a result, the presentation of certain accounting items in the Audited Consolidated Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous years. In addition, MOF and other relevant PRC government may promulgate new accounting standards and requirements in relation to financial statements from time to time. There can be no assurance that the accounting policies or presentation of the consolidated financial statements of the Issuer would not be materially and adversely affected by any other new accounting standards or requirements in relation to financial statements promulgated by MOF or any other relevant PRC government in the future.

The Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank have not and none of their affiliates, directors, officers, employees, representatives, agents and advisers have independently verified or checked the accuracy of the Audited Consolidated Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete. PRC GAAP differs in certain material respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

None of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such consolidated financial statements of the Issuer for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's financial condition and results of operations.

According to the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks(國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知)(the "**Joint Circular**") promulgated on 11 May 2018 and took effect on the same day, any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land ("**Public Assets**") cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 31 December 2023, the Group's Public Assets represented approximately 12.7 per cent. of the Group's total assets.

In particular, prospective investors should not take into account the Group's Public Assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's Public Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds. The Group's Public Assets have not been excluded from the Issuer's consolidated financial statements included elsewhere in this Offering Circular, potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects.

Please see "*Risk Factors – Risks Relating to the Group and its Business – The Group's public interest assets accounted for approximately 12.7 per cent. of its total assets as of 31 December 2023. The Group's public interest assets should not be taken into account when assessing the Group's business, financial condition, results of operations and prospects*" and "*Risk Factors – Risks Relating to the Group and its Business – The Group published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Prospective investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

Financial Information of the LC Bank

Copies of the LC Bank's published audited consolidated financial statements as well as its public filings, can be downloaded free of charge from the website of the LC Bank at http://www.ccqtgb.com. Such financial statements and public filings are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained from the website of the LC Bank at http://www.ccqtgb.com is subject to change from time to time. No representation or warranty, express or implied, is made by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 the website of the LC Bank at http://www.ccqtgb.com.

The audited financial statements as at and for the year ended 31 December 2023 of the LC Bank (the "**LC Bank Audited Report**") are in the Chinese language and this Offering Circular contains an English translation of the LC Bank Audited Report (the "**LC Bank Audited Report Translation**"). Should there be any inconsistency between the LC Bank Audited Report and the LC Bank Audited Report Translation, the LC Bank Audited Report shall prevail. The LC Bank Audited Report Translation is qualified in its entirety by, and is subject to, the information set out or referred to in, the LC Bank Audited Report. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified or checked the LC Bank Audited Report or the LC Bank Audited Report Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**Issuer**" and words of similar import are to Chongqing Fengdu Cultural And Tourism Group Co., Ltd. (重慶豐都文化旅遊集團有限公司) itself; all references to the "**Group**" and words of similar import are to Chongqing Fengdu Cultural And Tourism Group Co., Ltd. (重慶豐都文化旅遊集團有限公司) and its subsidiaries; all references to the "**PRC**" and "**China**" are to the People's Republic of China (for the purposes of description in this document only, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "United States" and "U.S." are to the United States of America; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC; and all references to "**USD**" are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

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

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

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

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

"**Chongqing Government**" are to the People's Government of Chongqing Municipality (重慶市人民政府);

"**CBRC**" are to China Banking Regulatory Commission;

"**CSRC**" are to China Securities Regulation Commission;

"**Fengdu SAAC**" are to the Fengdu County State-Owned Assets Affairs Center (豐都縣國有資產事務中心);

"**Fengdu County Government**" are to the People's Government of Fengdu County (豐都縣人民政府);

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

"**MOF**" are to the Ministry of Finance of the People's Republic of China;

"**MOFCOM**" are to the Ministry of Commerce of the People's Republic of China;

"**MOHURD**" are to the Ministry of Housing and Urban-Rural Development of the People's Republic of China;

"**NDRC**" are to the National Development and Reform Commission of the People's Republic of China or its competent local counterparts;

"**NPC**" are to the National People's Congress of the People's Republic of China;

"**PBOC**" are to the People's Bank of China, the central bank of the People's Republic of China;

"**PRC Government**" are to the central government of the People's Republic of China 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;

"**SAFE**" are to the State Administration of Foreign Exchange of the People's Republic of China or its competent local counterparts;

"**SAT**" are to the State Administration of Taxation of the People's Republic of China;

"**SCNPC**" are to the Standing Committee of the National People's Congress of the People's Republic of China;

"**State Council**" are to the State Council of the People's Republic of China; and

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as at the date of this Offering Circular. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer or the Group could differ materially from those anticipated in these forward-looking statements.

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SUMMARY

OVERVIEW

The Group is a company wholly owned by the Fengdu SAAC. Since its establishment in 1998, the Group has been serving as a core operating entity for municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County. Leveraging on the development of Fengdu County, strong shareholder's support and the experienced management team of the Group, the Group has played an important role in the development of Fengdu County.

The Group primarily conducts its business within Fengdu County in Chongqing Municipality. Fengdu County is a county in Chongqing Municipality, and consists of two subdistricts, twenty-three towns and five townships. According to Chongqing Municipal Bureau of Statistics (重慶市統計局), Fengdu County has a total population of approximately 796.4 thousand as at the end of 2022. Fengdu County, located at the centre of Chongqing Municipality, plays a significant role in terms of political, economic and cultural development in Chongqing Municipality. The Group has taken advantage of the rapid economic growth of Fengdu County and Chongqing Municipality. According to Chongqing Municipal Bureau of Statistics (重慶市統計局), the GDP of Fengdu County in the years ended 31 December 2020, 2021 and 2022 amounted to approximately RMB33.3 billion, RMB37.5 billion and RMB39.1 billion respectively. The GDP of Chongqing Municipality in the years ended 31 December 2020, 2021 and 2022 amounted to approximately RMB2.5 trillion, RMB2.8 trillion and RMB2.9 trillion respectively.

Moreover, the Group has capitalised on the extensive transport network of Fengdu County. Fengdu County has outstanding transport infrastructure with railways and expressways passing through the county, including the Shizhu-Chongqing Expressway (石柱一重慶高速公路), Chongqing Yanjiang Expressway (重慶沿江高速) and Chongqing-Lichuan Railway (渝利鐵路). In addition, the Chongqing-Wanzhou High-Speed Railway (渝萬高速鐵路) and Dianfengwu Expressway (墊豐武高速公路), which will pass through the county, are currently under construction.

In addition, the Group is benefited by the strong competitiveness of Fengdu County. Fengdu County has a solid industry chain owing to the synergistic development of traditional and emerging industries. Traditional industries, such as agriculture and animal husbandry, together with rapidly developing emerging industries, such as tourism industry and retail industry, have presented valuable business opportunities and attracted strong capital inflow to Fengdu County.

Fengdu County was selected as the Seventh Chongqing Shuangyong Model City (County) (重慶市第七屆雙擁模範城(縣)) by the Chongqing Chinese Communist Party Municipal Committee (中國共產黨重慶市委員會), Chongqing Government and Chongqing Garrison Command (中國人民解放軍重慶警備區) in 2020. Taking advantage of the illustrated robust local economic and social development, Fengdu County was also selected as the "Top 100 Western Counties in China" (中國西部百強縣市) by the Competitiveness Think Tank (競爭力智庫), China Economic Herald (中國經濟導報) and Beijing Zhongxin Academy of Urban Planning and Design (北京中新城市規劃設計研究院) in 2021. The great economic development potential of Fengdu County has supported and will continue to support the business growth of the Group.

To perform its function as a core operating entity for municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County, the Group has developed a diversified business portfolio. Set forth below is an overview of the principal business segments of the Group as at the date of this Offering Circular:

- ***Engineering Construction:*** The Group engages in the business of engineering construction. The Group operates its engineering construction business primarily through the Issuer. The Issuer is primarily responsible for municipal infrastructure construction and tourism and cultural infrastructure construction projects in Fengdu County, Chongqing Municipality. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's engineering construction business was RMB639.5 million and RMB374.3 million, respectively, accounting for 96.3 per cent. and 55.9 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Tourism:*** The Group conducts its tourism service business through its subsidiaries Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd.（重慶豐都名山旅遊（集團）有限公司）and Chongqing Fengdu Nantianhu Tourist Attraction Management Co., Ltd.（重慶豐都南天湖旅遊景區管理有限公司）. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's tourism business was RMB21.1 million and RMB245.3 million, respectively, accounting for 3.1 per cent. and 36.7 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Other Businesses:*** The Group conducts other businesses including land consolidation, cemetery spaces, rental income and advertising. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's other businesses was RMB3.8 million and RMB49.6 million, respectively, accounting for 0.6 per cent. and 7.4 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

RECENT DEVELOPMENT

Please see "*Description of the Group – Recent Development*" for more details.

COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

- Benefits from the strategic location and abundant resources of Fengdu County.

- Fengdu County's strong economic growth.

- Strong support (excluding credit support) from the Fengdu Government and Fengdu SAAC.

- Access to diverse sources of funding.

- Crucial importance to the development in Fengdu County of Chongqing Municipality.

- Experienced management team with support from a dedicated team of staff.

BUSINESS STRATEGIES

The Issuer intends to implement the following business strategies:

- Further enhance the Group's core competitive advantage in the engineering construction and tourism business by leveraging on support from the Fengdu County Government.

- Persist with a focus on current principal businesses and the business opportunities arising from the development strategies and economic growth of Fengdu County and Chongqing Municipality.

- Continuing to maintain prudent financial management and liquidity position.

- Continuing to build a professional management team.

- Strengthen risk management and internal control systems.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

The selected summary consolidated financial information of the Issuer as at and for the years ended 31 December 2023 set forth below has been derived from the Audited Financial Statements. See "Presentation of Financial Information of the Issuer". The summary financial information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

In 2021, the MOF promulgated the New Accounting Standards and Requirements. The Audited Consolidated Financial Statements were prepared and presented in accordance with the New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the Audited Consolidated Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous years. For details of the New Accounting Standards and Requirements and its impact on the Audited Consolidated Financial Statements, please see "2023 Financial Statement Notes – III. Significant accounting policies and accounting estimate – (XXVIII) Major accounting policy and accounting estimate changes, and error corrections" of the Audited Consolidated Financial Statements.

PRC GAAP differs in certain material respects from IFRS. The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

According to the Joint Circular, any Public Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 31 December 2023, the Group's Public Assets represented approximately 12.7 per cent. of the Group's total assets.

In particular, prospective investors should not take into account the Group's Public Assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's Public Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds. The Group's Public Assets have not been excluded from the Issuer's consolidated financial statements included elsewhere in this Offering Circular, potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects.

Please see "Risk Factors – Risks Relating to the Group and its Business – The Group's public interest assets accounted for approximately 12.7 per cent. of its total assets as of 31 December 2023. The Group's public interest assets should not be taken into account when assessing the Group's business, financial condition, results of operations and prospects" and "Risk Factors – Risks Relating to the Group and its Business – The Group published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Prospective investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular".

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at	
	1 January 2023	**31 December 2023**
	(Audited)	*(Audited)*
	(RMB)	*(RMB)*
Current assets		
Monetary funds	111,061,332.31	25,729,980.12
Trading financial assets	–	–
Derivative financial assets	–	–
Notes receivable	–	–
Account receivable	538,827,244.30	586,841,507.38
Receivables financing	–	–
Prepayments	7,163,497.67	7,469,311.37
Centralized management fee of funds receivable	–	–
Other receivables	540,226,694.93	1,158,174,706.19
Including: Dividend receivable	–	–
Inventory	8,264,924,045.65	8,166,444,152.64
Contract asset	–	–
Assets held for sales	–	–
Non-current assets due within one year	–	–
Other current assets	1,759,870.55	2,343,735.95
Total current assets	**9,463,962,685.41**	**9,947,003,393.65**
Non-current assets		
Debt investments	–	–
Other debt investments	–	–
Long-term receivables	–	–
Long-term equity investment	4,228,899,203.90	4,229,531,549.66
Investment in other equity instrument	–	–
Other non-current financial assets	–	–
Investment real estate	61,113,400.00	61,853,200.00
Fixed asset	422,094,590.70	407,797,202.50
Including: Original price of fixed asset	–	–
Accumulated depreciation	–	–
Fixed assets depreciation reserves	–	–
Construction-in-process	61,953,065.02	65,226,290.97
Oil and gas assets	–	–
Right-of-use asset	–	–
Intangible asset	7,873,462.83	593,846,051.29
Development expenditure	–	–
Goodwill	–	–
Long-term unamortized expenses	305,123.92	336,668.80
Deferred income tax assets	4,275,365.27	1,742,449.67
Other non-current assets	2,382,551,380.13	2,437,203,285.04
Total non-current assets	**7,169,065,591.77**	**7,797,536,697.93**
Total assets	**16,633,028,277.18**	**17,744,540,091.58**
Current liabilities		
Short-term borrowing	10,000,000.00	154,204,485.42
Trading financial liabilities	–	–
Derivative financial liabilities	–	–
Notes payable	–	–
Account payable	131,255,855.28	150,015,221.28
Advance receipts	4,606,951.65	4,612,951.65
Contract liability	1,132,522.57	1,102,163.78
Staff remuneration payable	4,403,038.94	4,800,907.33
Tax payable	257,867,505.87	315,264,723.15
Other payables	697,386,090.05	669,332,442.51
Including: Dividend payable	–	–
Liabilities held for sales	–	–
Non-current liabilities due within one year	200,635,714.95	140,363,274.56
Other current liabilities	25,383.50	25,383.50
Total current liabilities	**1,307,313,062.81**	**1,439,721,553.18**

	As at	
	1 January 2023	**31 December 2023**
	(Audited)	***(Audited)***
	(RMB)	*(RMB)*
Non-current liabilities		
Long-term loans	389,750,000.00	447,044,712.20
Bonds payable	–	–
Including: Preferred shares	–	–
Perpetual capital securities	–	–
Lease liability	–	–
Long-term payables	1,525,447,619.37	1,777,798,086.43
Long term staff remuneration payable	–	–
Estimated liabilities	–	–
Deferred income	27,123,009.15	25,328,373.75
Deferred income tax liabilities	12,350,837.07	12,535,787.07
Other non-current liabilities	–	–
Total non-current liabilities	**1,954,671,465.59**	**2,262,706,959.45**
Total liabilities	**3,261,984,528.40**	**3,702,428,512.63**
Owner's equity		
Paid-up capital (or capital stock)	1,000,000,000.00	1,000,000,000.00
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual capital securities	–	–
Capital reserves	11,757,990,891.01	12,329,157,397.15
Less: Treasury share	–	–
Other comprehensive income	37,065,486.19	37,065,486.19
Special reserves	–	–
Surplus reserves	37,570,639.82	38,502,230.67
Undistributed profit	386,296,763.23	485,317,323.83
Total owners' equity attributable to the parent company (or shareholder's equity)	13,218,923,780.25	13,890,042,437.84
*Minority shareholders' rights and interests	152,119,968.53	152,069,141.11
Total Owner's equity (or shareholder's equity)	13,371,043,748.78	14,042,111,578.95
Total liabilities and owner's equity	**16,633,028,277.18**	**17,744,540,091.58**

SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December	
	2022	2023
	(Audited) *(RMB)*	*(Audited)* *(RMB)*
I. Total operating income	**673,106,226.98**	**669,241,701.89**
Including: Operating income	673,106,226.98	669,241,701.89
II. Total operating costs	686,904,996.20	613,129,234.84
Including: Operating cost	639,670,855.62	537,971,996.11
Taxes and surcharges	6,607,041.15	4,590,183.58
Sales expenses	1,619,182.07	5,610,836.88
Administrative expenses	38,134,945.13	54,550,723.73
R & D expenses	–	–
Finance charge	872,972.23	10,405,494.54
Including: Interest cost	1,907,533.65	11,055,342.90
Interest income	1,265,067.65	1,132,748.67
Net exchange loss (net income expressed with "-")	–	–
Others	–	–
Plus: Other incomes	121,911,413.36	81,906,379.05
Investment income (loss expressed with "-")	57,764.11	632,345.76
Including: Investment income of joint-venture and partnership	–	–
Derecognized gains on financial assets measured at amortized cost	–	–
Net exposure hedging gains (loss expressed with "-")	–	–
Income from changes in fair value (loss expressed with "-")	-17,300.00	739,800.00
Credit impairment loss (loss expressed with "-")	-2,840,273.11	10,131,662.40
Asset impairment loss (loss expressed with "-")	–	–
Earnings from disposal of assets (loss expressed with "-")	–	–
III. Operating profit (loss expressed with "-")	**105,312,835.14**	**149,522,654.26**
Plus: Non-operating income	387,968.41	908,381.34
Including: Governmental subsidies	–	–
Less: Non-operating expenses	7,005,121.49	5,145,560.98
IV. Total profits (Total loss expressed with "-")	**98,695,682.06**	**145,285,474.62**
Less: Income tax expenses	10,738,065.25	15,844,773.89
V. Net profits (net loss expressed with "-")	**87,957,616.81**	**129,440,700.73**
(I) Classification by ownership:		
Net profits attributable to the owners of parent company	88,032,596.86	129,491,528.15
*Gains and losses of minority shareholders	-74,980.05	-50,827.42
(II) Classification by business continuity		
Net profit from continuing operations	87,957,616.81	129,440,700.73
Net profit from termination of operation	–	–
VI. After-tax net amount of other comprehensive incomes	–	–
Net after-tax comprehensive income attributable to the owners of the parent company	–	–
(I) Other comprehensive incomes that cannot be reclassified into profit and loss	–	–
1. Remeasure the variation of defined benefit plans	–	–
2. Other comprehensive incomes that cannot be transferred to profit and loss under equity method	–	–
3. Changes in fair value of other investments in equity instrument	–	–
4. Changes in fair value of enterprise's own credit risk	–	–
5. Others	–	–
(II) Other comprehensive incomes to be reclassified into profit and loss	–	–
1. Other comprehensive incomes that can be transferred to profit and loss under equity method	–	–
2. Changes in fair value of other investments on bonds	–	–
3. Gains or losses arising from changes in fair value of available-for-sale financial assets	–	–
4. Amount of financial assets reclassified to other comprehensive income	–	–
5. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets	–	–
6. Provision for credit losses of other investments on bond	–	–
7. Cash flow hedging reserve (effective part of cash flow hedging profits and losses)	–	–
8. Translation balance of foreign currency financial statement	–	–
9. Others	–	–
*Net after-tax comprehensive income attributable to minority stockholders	–	–
VII. Total comprehensive incomes	**87,957,616.81**	**129,440,700.73**
Total comprehensive incomes attribute to owners of parent company	88,032,596.86	129,491,528.15
*Total comprehensive incomes attributable to the minority shareholders	-74,980.05	-50,827.42

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOW

	For the year ended 31 December	
	2022	2023
	(Audited)	*(Audited)*
	(RMB)	*(RMB)*
I. Cash flows from operating activities		
Net cash flows from operating activities	**-1,234,615,448.19**	**-165,743,772.12**
II. Cash flows from investing activities		
Net cash flows from investing activities	**199,378,417.44**	**-6,569,117.80**
III. Cash flows from financing activities		
Net cash flows from financing activities	**1,044,134,861.52**	**86,981,537.73**
IV. Influence of fluctuation in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	**8,897,830.77**	**-85,331,352.19**
Plus: Balance of cash and cash equivalents at the beginning of the period	102,163,501.54	111,061,332.31
VI. Balance of cash and cash equivalents at the end of the term	**111,061,332.31**	**25,729,980.12**

THE OFFERING

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

Issuer	Chongqing Fengdu Cultural And Tourism Group Co., Ltd.（重慶豐都文化旅遊集團有限公司）
Issue	CNY200,000,000 4.8 per cent. credit enhanced bonds due 2027.
Issue Price.	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination.	The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.8 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY240.0 per Calculation Amount (as defined in the of the Terms and Conditions) on 19 June and 19 December in each year (each an "**Interest Payment Date**"), commencing on 19 June 2025.
Issue Date	19 December 2024
Maturity Date	19 December 2027
Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Bondholders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand by such method of communication as otherwise permitted under the Standby Letter of Credit) stating that (i) the Issuer has failed to comply with Condition 4(b) (*Pre-funding*) of the Terms and Conditions in relation to pre-funding the amount that is required to be pre-funded under the Terms and Conditions and/or has failed to provide the Required Confirmations (as defined in the Terms and Conditions) in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions; or (ii) an Event of Default (as defined in the Terms and Conditions) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with the Terms and Conditions.

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in immediately available funds in Renminbi to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement (as defined in the Terms and Conditions), the Standby Letter of Credit and/or any other transaction documents relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement (as defined in the Terms and Conditions), the Standby Letter of Credit and/or any other transaction documents relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY211,985,400, an amount representing the aggregate principal amount of the Bonds plus interest payable for one interest period in accordance with the Terms and Conditions and plus CNY7,185,400, being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts which may be incurred by the Trustee or payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the date thereof and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 18 January 2028 or the dates as extended in accordance with the Standby Letter of Credit and shall expire at the place of the LC Bank.

See "*Terms and Conditions of the Bonds – Standby Letter of Credit and Pre-funding*" and "*Appendix A – Form of Irrevocable Standby Letter of Credit*".

Pre-funding . . . . In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure) of the Terms and Conditions*) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under the Terms and Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and

(ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or a scanned copy by electronic mail (with the original to be delivered promptly thereafter) (x) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined in the Terms and Conditions), and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable upon any failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Terms and Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(A) send the notice substantially in the form set out in the Agency Agreement (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) to occur as a result of the Pre-funding Failure; and

(B) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date, issue a Demand to the LC Bank for the aggregate principal amount due in respect of all of the Bonds then outstanding, together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d) *(Mandatory Redemption upon Pre-funding Failure)* of the Terms and Conditions) or, as the case may be, the Put Settlement Date (as defined in Condition 7(c) *(Redemption for a Relevant Event)* of the Terms and Conditions), and all fees, costs, expenses, indemnity payments and all other amounts payable under or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction document relating to the Bonds, provided that, in accordance with the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand via facsimile transmission).

On or after the Issue Date and following receipt by the LC Bank of such Demand presented by the Trustee or on its behalf by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day, or if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day, pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available and cleared funds to the LC Proceeds Account without deduction or withholding for or on account of tax, set-off, counter-claim or otherwise. In the event that any deduction or withholding is required by law or regulation, the LC Bank shall pay such additional amounts as will result in receipt by the Trustee of such amounts as would have been received by it had no such deduction or withholding been so required by law or regulation.

The Trustee will not be liable to anyone in the event that the Standby Letter of Credit cannot be drawn for any reason, or if the amount paid under the Standby Letter of Credit is insufficient to repay all amounts due under the Bonds or the Trust Deed, and shall be entitled to rely conclusively without investigation on any Required Confirmations or any other confirmations or notifications from the Issuer, the Pre-funding Account Bank, the LC Proceeds Account Bank, the LC Bank and/or any Agent received by it and shall not be liable to any Bondholder or any other person for so relying upon such confirmations or notifications and shall not be responsible for any loss occasioned by acting on such confirmations or notifications. The Trustee is not required to physically hold the Standby Letter of Credit.

	See "*Terms and Conditions of the Bonds – Standby Letter of Credit and Pre-funding*" and "*Appendix A – Form of Irrevocable Standby Letter of Credit*".
Status	The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Events of Default	Upon the occurrence of certain events described in Condition 10 (*Events of Default*) of the Terms and Conditions, the Trustee at its sole and absolute discretion may, and if so requested in writing 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 (as defined in the Trust Deed) 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 that the Bonds are, and they shall immediately become due and payable, at their principal amount together (if applicable) with any premium and accrued but unpaid interest without further action or formality.
Cross-Default.	The Bonds are subject to a cross-default provision in relation to the Issuer and the LC Bank as further described in Condition 10(A)(c) (*Cross-Default*) (with respect to the Issuer) and Condition 10(B)(i) (*Cross-Default*) (with respect to the LC Bank) of the Terms and Conditions, respectively.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 12 December 2024 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make any deduction or withholding 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 PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, save as provided in Condition 9 (*Taxation*) of the Terms and Conditions.

Final Redemption. . . . . Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with Condition 7 (*Redemption and Purchase*) of the Terms and Conditions.

Redemption for Relevant Event. . Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 100 per cent. of their principal amount, together with any unpaid interest accrued up to, but excluding, the Put Settlement Date, as further described in the Terms and Conditions.

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

(i) Fengdu SAAC together with one or more Government Persons, cease to, directly or indirectly, hold or own 100.0 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or mergers into or sells or transfers all or substantially all of its assets to any person or persons, unless such person is a Government Person or is directly or indirectly 100.0 per cent. held or owned by a Government Person(s);

"**Control**" means, with respect to a person (where applicable) (i) the ownership, acquisition or control of 100.0 per cent. of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove all or a majority of the members of the person'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. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

"**Fengdu SAAC**" means the Fengdu County State-Owned Assets Affairs Center (豐都縣國有資產事務中心) or its successor;

a "**Government Person**" means any of (i) Chongqing State-owned Assets Supervision and Administration Commission（重慶市國有資產監督管理委員會）and its successors, (ii) the People's Government of Chongqing（重慶市人民政府）and its government departments and agencies, (iii) People's Government of Sichuan Province（四川省人民政府）and its government departments and agencies, and (v) any other person directly or indirectly Controlled by the central government of the PRC;

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with any unpaid interest accrued up to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 December 2024; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 7(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Mandatory Redemption upon Pre-funding Failure. . . . .

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date on which the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions (the "**Mandatory Redemption Date**"), together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date.

	If the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond under Condition 7(c) (*Redemption for a Relevant Event*) of the Terms and Conditions and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, such holder's Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions on the Put Settlement Date, together with any unpaid interest accrued up to, but excluding, such Put Settlement Date, as further described in Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions.
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, the first payment of interest on them and the timing for making of the NDRC Post-issue Filing and Foreign Debt Registration) and so that the same shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.
Clearing Systems	Upon issue, the Bonds will be represented by a Global Certificate registered in the name of, and lodged with a sub-custodian for, the HKMA as operator of the CMU. The Global Certificate will be held for the account of CMU members who have accounts with the Operator, or the CMU participants. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
CMU Lodging and Paying Agent.	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Pre-funding Account Bank and LC Proceeds Account Bank . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.

Listing	Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. For so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of CNY1,500,000. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle for, admission of the Bonds to the Official List of the SGX-ST and the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), its joint ventures (if any) or the Bonds.
Selling Restrictions	The Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
ISIN	HK0001032066.
Common Code	285049318.
CMU Instrument Number	BOAKFB24062.
Legal Entity Identifier	836800KE4FT95B98IN46.

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

*The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "**Terms and Conditions of the Bonds**", the Trust Deed, the Agency Agreement and the Standby Letter of Credit. Words and expressions defined in the "**Terms and Conditions of the Bonds**" shall have the same meaning in this summary.*

T-10 Business Days
Pre-funding Date

By 10:00 a.m. (Hong Kong time):

The Issuer shall:

- unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and
- deliver the Required Confirmations[1] to the Trustee and the CMU Lodging and Paying Agent by facsimile or a scanned copy by electronic email. (with the original to be delivered promptly thereafter)

T-9 Business Days
Notification

By 10:00 a.m. (Hong Kong time), the Pre-funding Account Bank confirms receipt of the Relevant Amount (or if the Issuer has pre-funded an amount less than the full amount of the Relevant Amount, the amount received in the Pre-funding Account) to each of the Trustee and the CMU Lodging and Paying Agent[2] OR

In the event that the Pre-funding Account Bank does not receive the Relevant Amount, the Pre-funding Account Bank informs each of the Trustee and the CMU Lodging and Paying Agent of such non-receipt no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date[2].

T-8 Business Days
Standby Letter of Credit Demand Date

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations (a "**Pre-funding Failure**"), the Trustee shall:

(A) send the Pre-funding Failure Notice to the Bondholders of (i) the Pre-funding Failure and (ii) the redemption of the Bonds in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions to occur as a result of the Pre-funding Failure; and

(B) by 6:00 p.m. (Hong Kong time) issue a Demand[3] to the LC Bank for the aggregate principal amount in respect of all the Bonds then outstanding, together with interest accrued up to but excluding the Mandatory Redemption Date or, as the case may be, the Put Settlement Date, and all fees, costs, expenses, indemnity payments and all other amounts payable under or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction document relating to the Bonds.

T-4 Business Days
Confirmation to CMU Lodging and Paying Agent/Standby Letter of Credit Transfer Date

If the LC Bank has received the Demand by 6:00 p.m. (Hong Kong time) on T-8 Business Days:

By 10:00 a.m. (Hong Kong time), the LC Bank shall pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available and cleared funds to the LC Proceeds Account.

The LC Proceeds Account Bank is to notify the Trustee and the CMU Lodging and Paying Agent of any amount received from the LC Bank in the LC Proceeds Account, and the Trustee shall thereafter instruct the LC Proceeds Account Bank confirm to the CMU Lodging and Paying Agent that the proceeds of such Demand from the LC Bank will be paid.

T-3 Business Days
Confirmation to CMU Lodging and Paying Agent/ Alternative Standby Letter of Credit Transfer Date

If the LC Bank has received the Demand after 6:00 p.m. (Hong Kong time) on T-8 Business Days:

By 10:00 a.m. (Hong Kong time), the LC Bank shall pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available and clear funds into the LC Proceeds Account.

The LC Proceeds Account Bank is to notify the Trustee and the CMU Lodging and Paying Agent of any amount received from the LC Bank in the LC Proceeds Account, and the Trustee shall thereafter instruct the LC Proceeds Account Bank confirms to the Principal Paying Agent that the proceeds of such Demand from the LC Bank will be paid.

T-1 Business Day
Payment to CMU Lodging and Paying Agent

By 10:00 a.m. (Hong Kong time):

In the case where the Issuer has paid all or part of the Relevant Amount into the Pre-funding Account, the Pre-funding Account Bank to pay the Relevant Amount deposited in full (or if the Issuer has pre-funded an amount less than the full amount of the Relevant Amount, the amount received in the Pre-funding Account) to the CMU Lodging and Paying Agent; and/or

The LC Proceeds Account Bank to pay the CMU Lodging and Paying Agent the proceeds of the Demand[4].

T Bonds
Payment Date

CMU Lodging and Paying Agent to pay funds into CMU for same day value on T for the benefit of the Bondholders. If amounts have been drawn under the Standby Letter of Credit, the Bonds will be mandatorily redeemed at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date.

Note:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory; and (b) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank (which shall be substantially in the form scheduled to the Agency Agreement) requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the relevant Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment.

(2) The confirmation from the Pre-funding Account Bank to the Trustee and the CMU Lodging and Paying Agent shall be by way of authenticated SWIFT or other means of communication as the Trustee or the CMU Lodging and Paying Agent may in its discretion agree with the Pre-funding Account Bank.

(3) The Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank or in the event that the SWIFT system is not available for any reason, by way of such other means as permitted under the Standby Letter of Credit.

(4) The amount of the Demand to be paid to the CMU Lodging and Paying Agent excludes any amount of the drawing under the Standby Letter of Credit for fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Standby Letter of Credit, the Agency Agreement and/or any other transaction document relating to the Bonds but includes principal, premium (if any), interest and other amounts payable under the Terms and Conditions.

RISK FACTORS

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

The Issuer does not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group's public interest assets accounted for approximately 12.7 per cent. of its total assets as of 31 December 2023. The Group's public interest assets should not be taken into account when assessing the Group's business, financial condition, results of operations and prospects.

According to the Joint Circular, any Public Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 31 December 2023, the Group's Public Assets represented approximately 12.7 per cent. of the Group's total assets. The Group's Public Assets mainly comprise Fengdu Longhe Bridge West Square Landscape Project(豐都龍河橋西廣場景觀工程), Fengdu County Sanhe Street Riverside West Road District Comprehensive Aid Project(豐都縣三合街道濱江西路社區綜合幫扶項目), landscape engineering construction projects and municipal roads. The Group plans to dispose its Public Assets as instructed by related governmental authorities in the future. Potential investors should note that such amount of the Group's Public Assets has not been audited by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount.

In particular, prospective investors should not take into account the Group's Public Assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's Public Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds. The Group's Public Assets have not been excluded from the Issuer's consolidated financial statements included elsewhere in this Offering Circular, potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects.

The Joint Circular further provides that the punishment for enterprises involved in unlawful financing and providing unlawful guarantees shall be intensified, such enterprises shall be included in the blacklist of relevant fields and the national credit information sharing platform for publicity, trans-departmental joint punishment shall be implemented, notification shall be made in a timely manner, and relevant liable parties shall be restricted from filing new applications or participating in the recordation and registration of foreign debts.

The interpretation and implementation of the Joint Circular involves uncertainties. In addition, there can be no assurance that the PRC Government will not impose additional or stricter laws and regulations relating to foreign debt financing, which may increase the Group's financing costs and in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Chongqing Municipality, in particular Fengdu County and the PRC.

The Group primarily engages in business and derives most of its operating revenue from its operating activities in the PRC, particularly in Fengdu County, Chongqing Municipality, focusing mainly on municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Chongqing Municipality, in particular Fengdu County, and the PRC in general.

The PRC's economy has experienced rapid growth in the past 30 years, however, in recent years there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP slowed down from 7.7 per cent. in 2013 to 2.3 per cent. in 2020. Although the GDP growth rate rebounded to 8.4 per cent. in 2021, mainly due to the national internal economic circulation policy and the effective control of the novel coronavirus disease ("**COVID-19**"), the overall development speed slowed down, it has further decreased to 3.0 per cent. in 2022. See also "*Risks Relating to The Group and its Businesses – The Group's businesses 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 a material and adverse effect on its financial conditions, results of operations and prospects*" below. The slowdown in PRC's overall economy may hinder the economic growth of Fengdu County, given that the Group is a state-owned entity and its business performance and prospect depend largely on the national as well as regional spending of the government. As such, any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, reduce the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies provided to the Group, any of which may result in a material adverse effect on the Group's businesses, financial condition, and results of operations.

The Fengdu SAAC and the Fengdu County Government may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits.

The Group is wholly controlled by the Fengdu SAAC. As its controlling shareholder, the Fengdu SAAC participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans as well as appoints and conducts annual appraisals on the directors, supervisors and senior management of the Issuer. Due to the involvement of the Fengdu SAAC in the affairs of the Issuer as its controlling shareholder, there can be no assurance that the Fengdu SAAC will not interfere with the business and operations of the Issuer, and any such interference may have a material adverse effect on the Group's businesses, financial position, results of operations, financial performance and prospects.

In addition, the Fengdu SAAC and the Fengdu County Government may also exert significant influence on the Group's major business decisions and strategies, including the scope of its operations, investment decisions and dividend policy. There is no assurance that the Fengdu SAAC and the Fengdu County Government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, the Fengdu SAAC may influence the Group's businesses and strategies in a manner beneficial to Fengdu County as a whole but not necessarily in the Group's best interests.

The Fengdu County Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

In April 2024, the Issuer received the Approval of Fengdu County Government on the Disposal of Fengdu County Sitong Highway Development Co., Ltd. and other State-owned Enterprises (Fengdu County Government [2024] No. 94)(關於明確豐都縣四通公路發展有限公司等國有企業處置方式的請示(豐都府[2024]94號))(the "**Document**"). Pursuant to this Document, certain subsidiaries of the Group, including Fengdu County Xingcheng Land and Housing Improvement Construction Engineering Co., Ltd.(豐都縣興城土地和房屋整治建設工程有限公司), Chongqing Fengdu Longjiang Water Pollution Control Co., Ltd.(重慶市豐都縣龍江水污染治理有限公司) and Fengdu Hongda Highway Development Co., Ltd.(豐都縣宏達公路發展有限公司)(together, the "**Targeted Subsidiaries**"), are to be de-registered and wound up. As at 31 December 2023, the total assets of Fengdu County Xingcheng Land and Housing Improvement Construction Engineering Co., Ltd.(豐都縣興城土地和房屋整治建設工程有限公司), Chongqing Fengdu Longjiang Water Pollution Control Co., Ltd.(重慶市豐都縣龍江水污染治理有限公司) and Fengdu Hongda Highway Development Co., Ltd.(豐都縣宏達公路發展有限公司) were approximately RMB2.73 billion, RMB1.55 billion and RMB1.57 billion, representing 15.45 per cent., 15.40 per cent. and 8.89 per cent. of the total assets of the Group, respectively. Their remaining assets and equity interests will be consolidated or transferred to other state-owned enterprises directly or indirectly owned by Fengdu County Government respectively according to further details and arrangement proposed by the Fengdu County Government (the "**Disposal**"). As at the date of this Offering Circular, the de-registration procedures for the Targeted Subsidiaries have been completed. The Issuer confirms the Disposal is a voluntary solvent winding-up in accordance with the policy of state-owned enterprises reform proposed by the Fengdu County Government, and it will not trigger the default of any onshore or offshore indebtedness of the Group. The Issuer believes that the Disposal will not materially and adversely affect the Group's net assets, operating income and net profit, nor will the Disposal have a material negative impact on the Group's day-to-day operations or ability to service its debts, or on the issuance of the Bonds.

Ongoing or future strategic adjustments or disposals could have an adverse impact on future profitability and result in significant fluctuations in the Group's results of operations going forward.

In line with the Group's growth, it may engage in adjustments to its business segments, operations and strategies with a view to streamlining its business segments to produce more synergies, to appropriately diversify its business, to optimise its assets or to better align with the vision and directions of the Fengdu County Government. Historically, the Group engaged in strategic disposals of subsidiaries that are outside the Group's growth strategies (including the winding up of subsidiaries that are no longer within the Group's growth strategies) and has also entered into joint ventures with other parties to further explore new development areas. The Group may continue to engage in strategic adjustments or disposals in the future.

Ongoing, present or future strategic adjustments or disposals could have an impact on future profitability and result in significant fluctuations in the Group's results of operations. Such strategic adjustments and disposals may result in disruptions to the Group's business operations and the Group may not achieve or sustain the expected cost savings or expected benefits, or expect to do so within the anticipated timeframe, which could materially and adversely affect the Group's business, revenue, profitability and results of operations. The Group cannot guarantee that such changes will result in the long-term benefits the Group hopes to achieve or that the Group's development strategies will prove to be successful.

PRC regulations on the administration of the financing platform of local governments may have material impact on the Group's business and financing model.

To strengthen the management of financing platforms of China's local governments and manage the risks relating to China's local government debt, the State Council of the PRC issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院《關於加強地方政府融資平台公司管理有關問題的通知》)("**Circular 19**") in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform Companies Established by Local Governments (國家發展改革委辦公廳《關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知》)("**Circular 2881**") in November 2010. According to Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds. Such requirements may have a significant impact on the Group and the Group's access to financing and operations.

The Group has not been informed by any government authorities that any of the Group's activities are not in compliance with the requirements of relevant regulations. As the PRC Government may issue more stringent policies that could affect the business of local government financing platforms in the PRC in the future, there is no assurance that the Group will be able to continue to carry on its business activities under the current business model in the future, which in turn may have a material and adverse impact on the Group's business, financial conditions, results of operations and prospects.

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

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院《關於加強地方政府性債務管理的意見》)("**Circular 43**"). According to Circular 43, financing platform companies, such as the Issuer, shall no longer function as the financing arm of the local government or incur new government debts and should carry on its operations and financing in accordance with market-oriented principles. Local governments should instead finance the development of public interest projects by issuance of government bonds. Public interest projects that are profit-generating, such as construction of non-toll free highways, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors are required to invest in accordance with market-oriented principles and development of projects may be financed by bank loans, corporate bonds and asset-backed securitisation. Furthermore, private investors and special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts. Since the release of Circular 43, there have been cases where certain debts of local financing platforms were classified as non-government debts. However, whether the factual basis for such individual cases is comparable or relevant to other local governments' financing platforms is unclear, and interpretation and application of Circular 43 may vary between different local governments. Circular 43 aims at transforming local financing platforms into market-oriented entities.

Circular 43 sets forth the general principles of dealing with existing debts of the local financing platforms. In 2014, the MOFCOM began an audit on the existing debts of the financing platforms of local governments whereby the existing debts of the financing platforms reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of the local governments (the "**First Type of Government Debts**"), (ii) debts that are guaranteed by the local governments (the "**Second Type of Government Debts**"), (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing platforms are not able to repay (the "**Third Type of Government Debts**") and (iv) debts that will not be repaid or financed with the funds of the local governments. If any of the Group's debts are classified as the Third Type of Government Debts by the Finance Bureau of Chongqing and the Fengdu County Government chooses not to fund the Group when it is unable to repay the debts, the Group's cash flows may be materially and adversely affected. As a result, the Group's business, financial position, results of operations and prospects could be materially and adversely affected.

For the avoidance of doubt, according to Circular 43, neither Fengdu SAAC nor the Fengdu County Government has any obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil their respective obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer, and not any other person including Fengdu SAAC and the Fengdu County Government.

The MOF, NDRC, MOJ, PBOC, CBRC and CSRC jointly promulgated the Circular on Matters Concerning Further Regulating the Financing Activities of Local Governments ("**Circular 50**")(《關於進一步規範地方政府舉債融資行為的通知》(財預[2017]50號)) on 26 April 2017 and which took effect on the same day. Pursuant to the Circular 50, the authorities at central government level restated the determination to further strengthen the administration of financing activities of local governments. With regard to the regulation of the financing activities of financing platform companies, Circular 50 reiterated that financing platform companies should carry on operations and financing in accordance with the following market-oriented principles; (i) local governments and relevant authorities shall no longer interfere with the daily operations and financing activities of financing platform companies, (ii) local governments shall no longer put or invest assets with public interests into financing platform companies for the purpose of increasing the total assets of financing platform companies, (iii) in case financing platform companies offer bonds in onshore or offshore markets, such financing platform companies shall make a clear statement that they shall no longer assume the obligation of financing vehicle of such local government, and all debts incurred from 1 January 2015 shall not be classified as any debt of local governments, and (iv) financing platforms shall not request local governments to provide a guarantee in any form, be it a letter of guarantee, letter of commitment or letter of comfort.

For the avoidance of doubt, similar to Circular 43 and other circulars released by the authorities at central government level, Circular 50 confirmed again that Fengdu SAAC and the Fengdu County Government have no obligation to repay any amount under the Bonds. Pursuant to the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of Financial Institutions for Local Governments and State-owned Enterprises and Financing Act(《關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知》(財金[2018]23號))("**Circular 23**") promulgated on 28 March 2018 and which took effect on the same day, state-owned financial institutions should carefully evaluate the sources and ability of repayment by issuers that are local government financing vehicles, seeking to issue offshore bonds, before they provide financing support to such issuers especially when the proceeds will be used for infrastructure construction. Where the source of repayment made by an issuer involves government investment funds, the state-owned financial institution shall carry out a due-diligence investigation and carefully verify the legality, authenticity and validity of such repayment source. In bond issuance documents such as bond offering circular, such enterprise shall not make any statement or disclosure that implicitly or explicitly indicates government endorsement by describing the local or national government's creditworthiness, such as financial information regarding revenue, expenditures and government debt, nor issue any misleading public statement that implies such issuer having a connection or an association with the government's creditworthiness. Furthermore, such issuer shall specify in the relevant bond offering circulars that the local government, as a shareholder, bears only limited liability to the extent of its equity contribution in the issuer, and the debt owed by such issuer shall be repaid by such issuer, in the case of a local state-owned enterprise, as an independent legal person.

The NDRC and the MOF promulgated the Circular of National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks(國家發展改革委、財政部《關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》(發改外資[2018]706號))("**Circular 706**") on 11 May 2018 and which took effect on the same day. Pursuant to the Circular 706, an enterprise that intends to issue medium- and long-term debt in offshore markets shall have established a sound and stable corporate governance structure, management decision-making mechanism and financial management system. Such enterprise shall also establish a market-based investment return mechanism that creates sustainable, stable and feasible financial expected yield for investment projects financially supported by the funds from the foreign debt.

In particular, the Circular 706 provides that an enterprise (including financial institutions) that intends to issue medium and long-term debt in offshore markets shall have existing operations, implement market-based financing in compliance with laws and regulations, and fully demonstrate the necessity, feasibility, and financial sustainability of offering debt in offshore markets, and such enterprise shall form a debt and interest repayment scheme based on its own credit and indebtedness situations and implement repayment security measures. Furthermore, an enterprise shall not request or accept any offer by its local government or a government department to provide a guarantee or assume debt repayment obligations for its debt issued in offshore markets.

Further, on 6 July 2019, the General office of the NDRC issued the Circular of the General Office of the NDRC on the Relevant Requirements for the Filing and Registration of Issuance by Local State-owned Enterprises of Foreign Debts (國家發展改革委辦公室《關於對地方國有企業發行外債申請備案登記有關要求的通知》(發改辦外資[2019]666號)) ("**Circular 666**"), which aims to strengthen the management of local government debt and prevent the risks of medium and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions of repaying medium and long-term foreign debts other than those due within one year.

Investors should base their investment decision only on the financial condition of the Issuer and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements.

The Group may cease to enjoy government subsidies and grants as well as tax exemption benefits, the loss of which, or a reduction in which, could substantially reduce the Group's profits.

The Group receives financial support from Fengdu SAAC and the Fengdu County Government in various forms, such as government subsidies and grants for its construction projects as well as tax return benefits and the Group heavily relies on such financial support to fund its operations and generate profit. For the years ended 31 December 2022 and 2023, the government financial support received by the Group amounted to RMB121.9 million and RMB81.9 million, respectively, which accounted for 121.0 per cent. and 56.4 per cent. of the profit before tax of the Group in corresponding periods, respectively.

The government's continued financial support to the Group and provision of subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central governments. There can be no assurance that the Group will continue to receive the same government subsidies and grants, or enjoy the same preferential tax treatment in the form of tax exemptions, since the relevant government policies may change over time. Furthermore, in the event the Group fails to repay any of its outstanding indebtedness other than the First Type of Government Debts and the Second Type of Government Debts as it matures, there is no assurance that Fengdu SAAC and the Fengdu County Government will provide any subsidy, grant, capital injection, preferential treatment or any other form of government support to the Group. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business operations are capital-intensive and any failure to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

The Group's business operations require substantial capital resources. The Group has historically satisfied its capital requirement with the cash flow generated from its operating activities, bank loans and other borrowings, issues of bonds in the PRC and subsidies from Fengdu SAAC and the Fengdu County Government. The Group will continue to require substantial capital resources to support its business operations and expansion.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, the local government's payment schedule, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any adverse changes in any of these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in the payment by the government and the government funding and cost overruns inherent may also cause such shortfall. There is no assurance that the Group's operations are able to generate sufficient cash to satisfy its cash needs at all times, if at all. For the years ended 31 December 2022 and 2023, the Group had net operating cash flow of RMB(1,232.6) million and RMB(165.7) million, respectively.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing.

As at 31 December 2023, the Group's total indebtedness (comprising short-term borrowings (interest bearing portion), non-current liabilities maturing within one year (interest bearing portion), long-term borrowing, bonds payable and long-term payables (interest bearing portion) was approximately RMB791.6 million. As at 31 December 2023, the Group had aggregated credit facilities of approximately RMB3.4 billion, of which RMB2.8 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no guarantee that the Group will be able to procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms. In these cases, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects. In addition, significant indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks.

In addition, a portion of the capital demand of the Group is satisfied through funding provided by Fengdu SAAC and the Fengdu County Government. In determining whether funds will be allocated, Fengdu SAAC and the Fengdu County Government generally considers such factors as the number of completed and ongoing construction projects, the scale and payment arrangements of the projects, the financial budget of the government for that year and the capital conditions of the Group. However, there can be no assurance that Fengdu SAAC and the Fengdu County Government will allocate to the Group sufficient funding for the construction of the projects, if at all.

The Group's investment plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.

The Group's business is capital-intensive. The Group's ability to maintain and increase its revenues, net income and cash flows depends upon its continued capital spending. The Group's capital may vary significantly due to various factors, including, among others, the Group's ability to generate sufficient cash flows from operations to finance capital expenditures, the Group's ability to finance such expenditures through borrowings and other requirements that are beyond its control. The Group may also encounter unforeseen costs and expenses in the process of carrying out its investment plans. In addition, there can be no assurance as to whether, or at what cost, capital projects will be completed or that such projects will be successful if completed.

Operating losses may be incurred if the Group does not have adequate capital resources to complete its investment plans or if actual expenditures exceed planned expenditures. There can be no assurance that any required additional financing, either on a short-term or long-term basis, will be available to it on satisfactory terms, or at all. If adequate funds are not available on satisfactory terms, the Group may be forced to curtail expansion plans, which could result in an inability to successfully implement its business strategies and limitations on the growth of its business.

The Group's business and prospects to a large extent depend upon the spending or budget of Fengdu SAAC and the Fengdu County Government on infrastructure construction and tourism.

The Group is wholly-owned by Fengdu SAAC and is designated by Fengdu SAAC to carry out various businesses including municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County. As many of these businesses operate in sectors of public interest, government agencies and state-owned enterprises are among the Group's major customers and the Group's businesses are to a large extent funded by Fengdu SAAC and the Fengdu County Government. The Group's business and prospects have historically been materially affected by the public spending or budget of Fengdu SAAC and the Fengdu County Government on construction and travel businesses in Fengdu County. There are a number of factors affecting spending and budget of Fengdu SAAC and the Fengdu County Government on infrastructure construction and tourism. The key factors include government policies and priority relating to the development of different industries and the fiscal and monetary policies of Fengdu SAAC and the Fengdu County Government. Such spending and budget are also affected by the government income and the general economic conditions in the PRC, Chongqing and Fengdu County. Any slowdown in the overall economic conditions of the Fengdu County, which may in turn materially and adversely affect the spending and budget of Fengdu SAAC and the Fengdu County Government on infrastructure construction and tourism, the Group's business, financial condition, results of operations and prospects may hence be affected.

The Group is dependent on the engineering construction business and may not be able to sustain operating revenue and profitability if it fails to continuously procure new projects from the PRC government.

Since the Group's establishment, it has been engaged by Fengdu SAAC to conduct construction which brought significant revenues to the Group. A significant portion of the Group's operating revenue derived from its engineering construction business. For the years ended 31 December 2022 and 2023, the Group's gross profit generated from its engineering construction business represented 209.5 per cent. and 26.1 per cent., respectively, of the Group's total gross profit. In this case, if the engineering construction projects are completed and no further projects can be procured from the government, the Group may experience a significant decrease in operating revenue and operating profit.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its financial requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2023, the Group's total indebtedness (comprising short-term borrowings (interest bearing portion), non-current liabilities maturing within one year (interest bearing portion), long-term borrowing, bonds payable and long-term payables (interest bearing portion) was approximately RMB791.6 million.

The Group also provides external guarantees to certain companies which are not subsidiaries of the Group. All of these companies are located in Chongqing. As at 31 December 2023, the total amount of the Group's outstanding external guarantees provided to these companies was approximately RMB769.0 million, representing approximately 5.5 per cent. of the Group's net assets.

Significant indebtedness and external guarantees may pose negative effects on the liquidity and financial condition of the Group in the long run, especially if the guarantees are called after the debtors fail to repay the outstanding debts. If the Group cannot obtain sufficient funding in commercially acceptable terms in the future, it may encounter liquidity distress, which may negatively affect the operations of the Group.

In addition, substantial indebtedness could impact on the Group's businesses in a number of ways, including:

- requiring the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. Such restrictions may negatively affect the Group's ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, to obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. In addition, certain financing instruments may contain covenants relating to administrative compliance. Failing to comply with the covenant specified therein may trigger redemption options under such financing instruments. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligation, such as the Bonds after issuance.

If the Issuer or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Group or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some financing agreements of the Issuer may contain cross-acceleration or cross-default provisions, which give creditors under these financing agreements to require the Issuer to immediately repay their loans or declare on the borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, there can be no assurance that the Issuer will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Group or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

As at 31 December 2023, assets of the Group with a total book value of RMB588.4 million were provided as security to secure the loan facilities of the Group. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Group are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's borrowings may be secured.

Third-party security rights may limit the use of the underlying collateral assets by the Group and materially and adversely affect its operational efficiency. The Group has historically created pledges, liens, mortgages and other security interests over its assets to secure its debts. As at 31 December 2023, the Group's restricted assets amounted to approximately RMB588.4 million, representing 3.3 per cent. of its total assets. The Group's restricted assets include intangible assets. If the Group is unable to service and repay its debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

As the Bonds are unsecured, Bondholders should be aware that in the event of insolvency of the Issuer, they will be ranked behind secured creditors but above subordinated creditors. See also "*– Risks Relating to the Bonds – The Bonds are unsecured obligations*".

The Group faces risks associated with contracting with public bodies.

As an entity designated by the Fengdu SAAC to carry out various businesses including municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County, the Group collaborates with various governmental authorities and their controlled entities in conducting its businesses. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there is no assurance that such close working relationships will be maintained in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent with the Group's, (ii) take actions contrary to the Group's requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations in a timely manner, if at all, (iv) change existing policies and project plans without prior notice or consent from the Group for reasons such as government budgeting, (v) encounter financial difficulties, or (vi) have disputes with the Group as to the contractual terms or other matters.

The ability of Fengdu SAAC to meet its payment obligations largely depends on its fiscal revenue, policies and regulations promulgated by the superior governments or authorities and many other factors which are generally beyond the Group's control. Failure by the government to fulfil its obligations or any adverse change to the policies or business plan may require the Group to adjust its development plans and thus adversely affect its operating results. There is no assurance that the Group will be able to successfully resolve any material disagreement with the Fengdu SAAC or any of the contracting counterparties controlled by the Fengdu County Government in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group and Fengdu SAAC, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Significant accounts and other receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2023, the Group's accounts receivable amounted to RMB586.8 million, representing 5.9 per cent. of the Group's total assets.

As at 31 December 2023, the Group's other receivables amounted to RMB1,158.2 million, representing 6.5 per cent. of the Group's total assets.

There are inherent risks associated with the government and the Group's other customers' ability to make timely payments which may impair the Group's accounts receivable. Any failure by Fengdu SAAC or the Group's other customers to make timely payments could materially and adversely affect the value of the Group's accounts receivable, other receivables and its liquidity and in turn affect its business, financial condition, results of operations and prospects.

The Group's business operations are subject to extensive regulations at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining or renewing any necessary qualifications, permits or approvals for its operations may adversely affect the Group.

Certain business activities of the Group, such as engineering construction business is extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. For example, the Group needs to have the construction enterprise qualification certificate (建築業企業資質證書) for each infrastructure construction project, the Group is required to obtain a project approval and the environmental assessment approval at the outset of the project. As the projects progress, it needs to receive the construction land planning permit (建設用地規劃許可證), the land use right certificate (土地使用權證書), the environment impact evaluation approval (環境影響評價批覆), the construction project planning permit (建設工程規劃許可證) and the construction permit (建築工程施工許可證) at different stages of development. It takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting businesses. As at the date of this Offering Circular, some of the Group's members are in the process of applying for or will apply for the necessary qualifications that have not been obtained or have expired, and there can be no assurance that these members are able to obtain or renew all necessary approvals, licences, permits and certificates on a timely basis. Failure to obtain or renew the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and a failure to obtain or renew the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

Governmental authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates a number of diversified business segments and is exposed to business, market and regulatory risks relating to different business segments.

The Group operates a number of diversified business segments, including municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development. The Group has a number of portfolio companies operating in multiple industries and markets. As a result, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries, markets and geographical areas in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

In addition, due to the number of the Group's portfolio companies, successful operation of the Group requires an effective management system. As the Group continues to grow its businesses and expand into various industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system. The Group may provide direct funding, guarantees and other support to certain of its portfolio companies from time to time. For example, the Group may provide shareholder loans to, or act as a guarantor for the borrowings of, certain portfolio companies. If a portfolio company defaults on any borrowings lent or guaranteed by the Group, the Group will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Group. The occurrence of either of these types of events may result in a funding shortage and may materially and adversely affect the Group's ability to provide financial support to its other portfolio companies. If the Group's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant portfolio companies may be materially and adversely affected, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's results of operations may be susceptible to the material fluctuations of interest rates.

In recent years, the PRC Government has from time to time adjusted interest rates to control the level of market liquidity and the PRC economy. Any material fluctuation in the benchmark lending interest rate could have a material impact on the Group's interest payables under its bank loans and in turn affect its results of operations. The Group's future loan facilities will also carry interest rates.

The Group may not successfully implement its growth strategy.

The Group has a diversified business portfolio including municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development and may continue to develop its other businesses such as land consolidation, cemetery spaces, rental income and advertising while maintaining sustainable growth of its core businesses as one of its strategies for the future. Whether the Group could successfully implement this strategy depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. The Group may also require additional funds and/or resources from time to time to pursue its future business strategies. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition, results of operations and prospects.

The Group may not be successful in integrating and managing future investments and/or acquisitions.

The Group may from time to time consider investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and/or acquisitions of its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and to obtain required approvals from relevant regulatory authorities.

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

- diversion of management's attention from the Group's existing businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;

- difficulty of expanding into different markets and challenges of operating in markets and industries that the Group does not have substantial experience in;

- increases in debt, which may increase the Group's financing costs as a result of higher interest payments;

- exposure to unanticipated contingent liabilities to acquired businesses; and

- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

In addition, where the Group invests in joint ventures, it may not have management control over its investments and there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can also be no assurance that joint venture partners will act in a way which is consistent with the interests of the Group and be able and willing to fulfil their obligations under the relevant joint venture or other agreements.

The Group may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.

There can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms or, if at all, if any such investments and acquisitions are consummated, satisfactorily integrate the acquired businesses and investments. Any failure of the Group to implement its expansion plans through investments and acquisitions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's subsidiaries operating in different segments may determine that it is in their shareholders' interests to pursue new business ventures. There can be no assurance that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If the Group fails to complete such business ventures or such ventures prove to be unsuccessful, the Group's operating segments involved may be adversely affected.

Any failure to maintain an effective quality control system could have an adverse effect on the Group's business and operations.

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for the Group's various businesses. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There can be no assurance that the quality of the projects undertaken by the Group will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims are ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The insurance coverage of the Group may not adequately protect it against all operational risks.

The Group faces various operational risks in connection with its business, including but not limited to:

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the construction projects it carries out;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group does not maintain insurance coverage in respect of its business operations. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage, the Group's results of operations and cash flow may be materially and adversely affected.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Group had not received any notice regarding non-compliance with the applicable safety regulations or requirements from any government authority. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

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

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and other relevant jurisdictions. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect its business, financial condition, results of operations and prospects.

Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, prospects and results of operations.

Many of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out its engineering construction projects. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group or the contractors participating in the Group's projects. The PRC Labour Contract Law (《中華人民共和國勞動合同法》) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, an employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the employee's average monthly wage in the last 12 months prior to the termination of employment multiplied by compensation coefficient. The compensation coefficient will be 1 for each full year of service, 1 for the period of more than six months but less than 1 year, and 0.5 for the period of less than six months. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. As such, labour shortages, labour disputes or increases in labour costs of the Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects which could materially and adversely affect the Group's business, prospects and results of operations.

The Group's businesses may be adversely affected if it is unable to retain and hire qualified employees.

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial conditions.

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.

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

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

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group engages in related party transactions with its subsidiaries and joint ventures from time to time which may create potential conflicts of interest.

The Group has engaged in and will continue to engage in a variety of transactions with its subsidiaries and joint ventures, including provision of services and providing guarantees. There can be no assurance that those transactions would be deemed as at arm's length or the Group's related parties will not take actions that favour their interests over the Group's. There can be no assurance that corporate opportunities and resources will not be allocated within the companies under the Group's control based on considerations other than those in the best interests of the Group's operation.

In addition, there can be no assurance that the Group's management of related parties will be as effective as that of itself due to the large number, diversified locations and different sizes of its subsidiaries. As a result, the internal control and management of various related party transactions can be challenging and demanding for the Group. Failure to adequately control and manage the Group's related party transactions could have an adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group may be exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group for a number of reasons, such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group's businesses 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 a material and adverse effect on its financial conditions, results of operations and prospects.

The Group's business operation is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or the novel coronavirus named COVID-19 by the World Health Organisation (the "**WHO**").

Governments and central banks around the globe have introduced or are planning fiscal and monetary stimulus measures including tax cuts, direct subsidies, rates cuts, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the pandemic, stabilise the markets and provide liquidity easing to the markets. There is no assurance that such measures may be introduced in time or will be sufficient or effective in delivering their policy objectives or be successful in containing the economic impact of the pandemic or stabilising the markets. As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities which may materially and adversely affect the economy of the PRC, and in turn, affect the Group, its business and financial conditions, as well as outlook and the value of the Bonds.

The Group may be adversely affected by the performance of third-party contractors.

The Group engages third-party contractors for its engineering construction projects. The Group generally selects independent contractors through an open tender process. However, there can be no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of its construction projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be asked to undertake additional construction projects by the government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group engages in government policy projects which serve the public interest for which the Group may not be able to achieve commercial returns.

The Issuer is a state-owned enterprise under the direct supervision of Fengdu SAAC. As a state-owned enterprise, it is from time to time required to engage and participate in projects related to public interests and social welfare development. For example, the Group has engaged in a few shanty town redevelopment projects in the Fengdu County. Unlike ordinary commodity housing projects, redevelopment of shanty districts promotes public interest considerations of the government and, therefore, is not a highly profitable business. The Group is involved in various government projects and may participate in additional public interest projects in the future. There can be no assurance that such participation will not have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to risks in relation to the inventory it maintains.

As at 31 December 2023, the Group's inventory amounted to RMB8,166.4 million, representing 82.1 per cent. of the Group's total assets.

The Group's inventory mainly comprise development cost and contract performance cost. Nevertheless, in accordance with the Group's accounting policies, the Group had not made provision for inventory price changes in the past three years. As the PRC government may issue more stringent policies with respect to marketability of the land, the value of inventory could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

Delays or defaults in repurchase payments by Fengdu SAAC and its controlled agencies or entities to the Group may affect its working capital and cash flow.

The payment collection period of the Group's engineering construction projects is relatively long, and all or a large portion of the agreed repurchase payment is generally paid only after the Fengdu County Government and its controlled agencies or entities complete their testing and inspection works and provide their approval for the project or a phase of the project. However, the Group incurs a substantial amount of capital expenditure and ongoing costs such as costs in relation to primary land development, material, equipment and labour costs, both at the beginning of a project and on an ongoing basis. Therefore, before achieving any project milestones, the Group already bears the risk of such expenditures relating to the project. Fengdu SAAC and its controlled agencies or entities may postpone payment or even fail to make the repurchase payment. Therefore, any delay or default in the repurchase payments by Fengdu SAAC and its controlled agencies or entities may increase the Group's cash flow pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations.

As at the date of this Offering Circular, the Group had not experienced any significant delay in payment by Fengdu SAAC and its controlled agencies or entities in accordance with the agreed payment timetable. However, there can be no assurance that Fengdu SAAC and its controlled agencies or entities will continue to make all payments in a timely manner, or that no events of default will occur in the future.

Some of the Group's properties are subject to usage for special purposes and restrictions on transfer.

There may be defects in the titles and certificates that the Group holds and the Group may not be able to possess all the applicable usage, title or ownership certificates in respect of the land, buildings and/or assets that the Group occupies or possesses. In addition, restrictions of transfer were imposed on some of the Group's land-use rights, which were obtained through allocation. Failure to obtain necessary usage or the restriction of transfer on the Group's land-use rights may adversely affect the Group's business, financial conditions, results of operations and prospects.

RISKS RELATING TO FINANCIAL INFORMATION

Historical consolidated financial information of the Group may not be indicative of its current or future results of operations.

The Group's historical financial information included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its businesses.

The Issuer's accounts were audited in accordance with PRC GAAP which may be different from IFRS.

The Issuer's Audited Consolidated Financial Statements were prepared in accordance with the PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*". 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. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

Zhongxinghua was subject to censure and administrative penalties by the CSRC and MOF.

Zhongxinghua is supervised by relevant PRC regulatory agencies, including the CSRC and MOF. Zhongxinghua previously received several warning letters issued by CSRC and was subject to several administrative penalties (the "**Auditors Regulatory Matters**"). The Auditors Regulatory Matters are mainly focused on the appropriateness of the implementation of accounting standards, the implementation of certain professional ethical standards and auditing guidelines, the adequacy of professional scepticism in the auditing process and the reasonableness of the judgment made by the auditors with respect to work conducted by Zhongxinghua, which were unrelated to the Group. If Zhongxinghua was found to be deficient in performing its auditors' tasks, it could affect investors' confidence in the financial statements contained in this Offering Circular which was audited or reviewed by Zhongxinghua.

Zhongxinghua has confirmed to the Joint Lead Managers, the Issuer and the Group that the auditors who participate in the audit or review of the Issuer's historical financial statements were not the subject of, or involved in, the Auditors Regulatory Matters. Zhongxinghua also confirmed that its auditing work for the Issuer and the Group (as the case may be), including in respect of the financial statements included elsewhere in this Offering Circular, its registration as an accounting firm, its ability to provide comfort letters and the qualification of the auditors participating in this offering, are not affected by the Auditors Regulatory Matters. Nonetheless, prospective investors should consider the above factors prior to making any investment decision.

Investors should exercise caution to the changes in accounting standards, procedures or policies adopted by the Group which may materially affect the financial condition and results of operations of the Group.

The financial accounting, procedures and reporting standards governing the Group's financial statements as well as their application and interpretation may change from time to time. Such changes may be beyond the control of the Group, and can be difficult to predict, which, in turn, could materially impact the Group's results of operations and financial condition. In some cases, the Group may be required to apply a new or revised standard retrospectively, resulting in material changes to previously reported financial results.

From 1 January 2021, the Issuer has implemented relevant provisions of the New Accounting Standards and Requirements and has adjusted the amount of certain related items in the Audited Consolidated Financial Statements. For details of the adoption of the New Accounting Standards and Requirements and its impact on the Issuer's Audited Consolidated Financial Statements, see "*2023 Financial Statement Notes – III. Significant accounting policies and accounting estimate – (XXVIII) Major accounting policy and accounting estimate changes, and error corrections*" of the Audited Consolidated Financial Statements. As a result, the presentation of certain accounting items in the Audited Consolidated Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous years.

Investors should therefore exercise caution when making comparisons on the Group's historical financial figures and when evaluating the Group's financial condition and results of operations.

There is no guarantee that any prospective changes in accounting standards, procedures or policies will not materially affect the results of operations and financial condition of the Group in the future.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The Group published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Prospective investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Group from time to time issues corporate bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Group needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds. After the Bonds are issued, the Group is obliged by the Terms and Conditions, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed periodical financial statements. However, the periodical financial information published by the Group in the PRC is normally derived from the Group's consolidated management accounts which is not 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 or reviewed information. The Group is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore prospective investors should not place any reliance on any such financial information.

RISKS RELATING TO THE PRC

The Group's business, financial condition, results of operations and prospects could be adversely affected by slowdowns in the PRC economy.

The Group primarily engages in municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in the Fengdu County and all of the Group's revenue is derived from the PRC. The Group relies, to a significant degree, on the development and economy of the PRC, particularly of the Fengdu County, to achieve revenue growth. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy. In 2015, the PRC Government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. As a consequence of these reforms and instability in the recovery of international economy, China reported a GDP of RMB67.67 trillion in 2015, representing year-on-year growth of 6.9 per cent., which was a record 25-year low. In the fourth quarter of 2015, China reported a GDP of RMB18.9 billion, representing year-on-year growth of 6.8 per cent., according to the statistic released by National Statistics Bureau of the PRC on 20 January 2016. In March 2016, Moody's Investors Service and Standard & Poor's Ratings Services changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. The continuing effects of reform in the PRC and the sovereign debt crisis in Europe may have an adverse effect on the global and the PRC economies resulting in continuing uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any slowdown of the PRC economy may create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, financial condition, results of operations and prospects.

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

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

The payment of dividends by the Group's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

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

The Group is subject to certain restrictive covenants in the financing arrangements entered into by the Group's subsidiaries and certain banks. For instance, the loan agreements with certain commercial banks may restrict the Group's subsidiaries from repaying intercompany loans before the loan is fully repaid.

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

Facts and other statistics in this Offering Circular relating to the PRC, 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 Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective affiliates, employees, directors, agents, advisers, officers or representatives, or any person who controls any of them and, therefore, the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective affiliates, employees, directors, agents, advisers, officers or representatives 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.

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. These highlighted the country's surging debt burden and questioned the government's ability to enact reforms.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, on 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union and in March 2017, the United Kingdom formally notified the European Council of its desire to withdraw from the European Union. There is substantial uncertainty relating to the implementation of the United Kingdom's exit or its impact on the economic conditions of other part of the world, such as China's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. The imposition of tariffs by the United States on products from the PRC from July 2018 and the PRC's retaliation have caused even greater volatility in the global markets. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect the Group's business and prospects.

The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

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

The Group's core business is conducted in the PRC and substantially all of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. The legal system in the PRC is continuing to evolve. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, where prior court decisions may be cited as reference but have limited weight as precedents. Furthermore, a large number of these written statutes and other regulations promulgated may be relatively new with a limited volume of published decisions and a lack of established practice available for reference. Accordingly, there exist uncertainties about their interpretation, implementation and enforcement, and such uncertainties may have a negative impact on the Group's business. The administration of PRC laws and regulations may also 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.

The PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. The relative inexperience of the PRC's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. The Group cannot predict the effect of future legal development in the PRC, including the promulgation of new laws and regulations, changes to existing laws or regulations or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to the Group and investors in the Bonds. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, the Group may not be aware of its violation of these policies and rules until sometime after the violation has occurred. This may also limit the remedies available to investors and to the Group in the event of any claims or disputes with third parties.

Any litigation in the PRC may be protracted and result in substantial costs and diversion of the Group's resources and management attention. Each of these factors may have a material adverse effect on the Group's business, financial condition, results of operations and prospects and the interest of holders in the Bonds.

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

The Issuer receives substantially all of its revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow it to make payments on obligations denominated in currencies other than the Renminbi. However, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the Bondholders in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. 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. Since then, the PRC Government has made, and may in the future make, further adjustments to the exchange rate system. The People's Bank of China ("**PBOC**") announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the midpoint exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any significant depreciation of the Renminbi may adversely affect the value of its businesses and its proceeds from the offering of the Bonds. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Group's businesses, financial conditions, results of operations and prospects.

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

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. The Labour Contract Law has strengthened the protection of the employees' rights and interests, and has also established additional restrictions and increased the cost to employers upon dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the employee's average monthly wage in the last 12 months prior to the termination of employment multiplied by compensation coefficient. The compensation coefficient will be 1 for each full year of service, 1 for the period of more than 6 months but less than 1 year, and 0.5 for the period of less than 6 months. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of service. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (《國民旅遊休閑綱要2013-2020》) which became effective on 2 February 2013, the system of annual paid leave for employees should be basically implemented by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees, the National Leisure and Tourism Outline 2013-2020 or any additional future measures, the Group's labour costs may increase. Further, under the PRC Labour Contract Law, the termination of a labour contract must be based on legal procedures and legal reasons, otherwise it may be deemed as an illegal termination by judicial authorities and the employer may be required to pay damages equal to twice the compensation payment. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition, results of operations and prospects.

Further, in the event that there is a labour shortage or a significant increase of labour costs, the Group's business operation costs are likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT

Any failure to complete the relevant filings under the Order 56 within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the Order 56 on 5 January 2023, which came into effect on 10 February 2023. According to the Order 56, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued, with a maturity term of no less than one year, outside the PRC with the NDRC prior to the issue of the securities. The Issuer has obtained the NDRC pre-issuance registration certificate on 29 December 2023. Pursuant to the Order 56, the Issuer will undertake to file with the NDRC of the requisite information and documents within the prescribed timeframes after the issuance of the Bonds. If the Issuer fails to report relevant information according to the Order 56, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warning on the Issuer and its principal responsible person, etc. There is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the Order 56. Since Order 56 is relatively new and lack of guidelines, in the worst case scenario, such non-compliance with the post-issue filing requirement under the Order 56 may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed with the NDRC the particulars in relation to the Bonds within the prescribed time after the Issue Date.

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

On 29 April 2016, the PBOC issued the Circular of the PBOC on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知》), which came into effect on 3 May 2016. This circular has since been replaced by the Notice of PBOC on Matters Concerning Macro-prudential Management on All-round Cross-border Financing (Yin Fa [2017] No. 9)(《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知(銀發[2017]9號)》)(“**Cross-border Financing Circular**”) issued by the PBOC on 12 January 2017 and came into effect on the same date.

According to Cross-Border Financing Circular, the Issuer shall file the information relating to the Bonds in the capital project information system with the SAFE after the signing of the transaction documents in relation to the Bonds and no later than 3 working days before the withdrawal of money. The Issuer, after filing with the SAFE, should also update information on cross-border financing and equity-related in a timely manner annually. If there is a change related to the audited net assets or overseas creditors, loan period, amount, interest rate, etc. involved in the financing contract, the Issuer should promptly file the change. If the Issuer fails to report or update the cross-border financing information in time, the PBOC and the SAFE, after verification, may circulate the criticism on the Issuer, order a rectification, and impose sanctions according to the relevant PRC Laws, and suspend the Issuer’s cross-border financing business if the circumstances are serious.

In accordance with the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》)(the “**Foreign Debt Registration Measures**”) issued by the SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (《外債登記管理操作指引》) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 working days after entering into the related foreign debt agreement and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (《外匯管理條例》) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (《外債管理暫行辦法》) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within the prescribed time of the Issue Date. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the

Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected.

Meanwhile, as the Bonds will have the benefit of the Standby Letter of Credit issued by the LC Bank, the LC Bank may also be required to submit the relevant data for overseas loans through data interface programme or any other method to SAFE in accordance with the Notice of the General Affairs Department of the State Administration of Foreign Exchange on Improving the Foreign Exchange Administration for Overseas Loans under Domestic Guarantees (《國家外匯管理局綜合司關於完善銀行內保外貸外匯管理的通知》) as well as other applicable laws and regulations. Failure to do so might cause the LC Bank to be punished by SAFE in accordance with the Foreign Exchange Administrative Regulations.

There can be no assurance that the registration of the Bonds or the data submission of the Standby Letter of Credit with SAFE can be completed by the Issuer or the LC Bank 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 Issuer or the Standby Letter of Credit in the PRC.

The interpretation of the Cross-Border Security Regulation and other relevant regulations may involve uncertainty which may adversely affect the enforceability and/or effective performance of the Standby Letter of Credit in the PRC.

The administration of the Cross-Border Security Regulation may be subject to a certain degree of executive and policy discretion by SAFE. There can be no assurance that the LC Bank will successfully complete the required data submission to SAFE or that any registration pursuant to such 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 Standby Letter of Credit in the PRC.

The PRC Government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

Notwithstanding the Group's extensive relationships with the PRC Government (including Fengdu SAAC and any other entities controlled by them), the Issuer is not a part of the PRC Government. The PRC Government (including Fengdu SAAC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23, Circular 706, and Circular 666. None of Circular 23, Circular 706 or Circular 666, however, prohibit the PRC Government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer and Fengdu SAAC in this Offering Circular does not imply in any way any explicit or implicit credit support of Fengdu SAAC in respect of the Bonds, the repayment of which remains the sole responsibilities of the Issuer.

The Fengdu SAAC as the shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. Any ownership or control by the PRC Government does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition and/or its ability to perform its obligations under the Bonds or the Trust Deed. As such, the PRC Government does not have any payment or other obligations under the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. The Bondholders do not have any recourse against the PRC Government in respect of any obligation arising out of or in connection with the Bonds or the transaction documents.

Therefore, potential investors should base their investment decision only on the financial condition of the Issuer and base any perceived credit risk associated with an investment in the Bonds only on the Issuer's own financial information reflected in its financial statements.

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

Investment in the Bonds involves risk. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) 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.

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

The Bonds are unsecured obligations.

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

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

- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

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

According to the Stamp Duty Law of the PRC (中華人民共和國印花稅法) adopted by the Standing Committee of the National People's Congress on 10 June 2021, which became effective on 1 July 2022, entities and individuals who conclude taxable documents within the PRC, or who conclude taxable documents outside the PRC but for use within the PRC, should be liable for stamp duty in accordance with the provisions therein. While Bonds may be considered as a type of loan contracts from a PRC legal perspective, the PRC taxation authority currently tends to take the view that taxable loan contracts are limited to contracts entered into by banks and other financial institutions in conducting their more conventional credit business, such as loan contracts for replenishing working capital or mortgages. There can be no assurance that if the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or use of any other taxable instruments in the PRC and thus be subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. If the issuance of the Bonds is treated in the same way as the entering into of a loan contract in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders. Any taxpayer, withholding agent, tax authority or its staff member in violation of the provisions of the Stamp Duty Law of the PRC will be subject to legal liability in accordance with the Administration Law of Tax Collection of the PRC (《中華人民共和國稅收徵收管理法》) and the relevant laws and administrative regulations. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's existing and future subsidiaries and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

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

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 judgments of the Hong Kong courts in respect of English law governed matters or dispute.

The Terms and Conditions, the Standby Letter of Credit, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》)(the "**Arrangement**"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts if the cases of civil and commercial nature based on either the laws of the Mainland or the laws of the Hong Kong SAR conform to the Arrangement.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Choice of Court Arrangement. In addition, on 29 January 2024, the Supreme People's Court of China (the "**SPC**") and the government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》)(the "**New Arrangement**"). The New Arrangement extends the scope of judicial assistance and superseded the Choice of Court Arrangement. However, the Choice of Court Arrangement will continue to apply to a "choice of court agreement" in writing (if any) made between the relevant parties before the commencement of the New Arrangement. While it is expected that the PRC courts may recognise and enforce a judgment 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 judgments. 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.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. In December 2016, the U.S. Federal Reserve raised interest rates for the first time in a year, and the second time since the 2008 financial crisis. The U.S. Federal Reserve further raised interest rates three times in 2017 and four times in 2018 but lowered them three times in 2019 and twice in 2020 as a result of the impact of the COVID-19 pandemic on the American economy. However, the U.S. raised interest rates multiple times in 2022 and intends to continue raising interest rates to rein in inflation in 2023. Such fluctuations may increase the uncertainties relating to the prices of Renminbi denominated bonds. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

In addition, as the situation relating to the COVID-19 pandemic is still evolving and given the heightened uncertainties surrounding the pandemic (including the length of the pandemic, development and effectiveness of vaccines or other potential treatments and resurgence of infection cases), there is no assurance that the continuing outbreak of COVID-19 will not have an adverse impact on the market price of the Bonds. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to a limited numbers of investors. A limited number of investors may purchase a significant portion of the Bonds offered. The existence of any such significant holder(s) of the Bonds may reduce the liquidity of the Bonds in the secondary trading market. If such a market were to develop, 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 Joint Lead Managers are not obligated to make a market in the Bonds, and if any Joint Lead Manager does so it may discontinue such market-making activity at any time without notice. Further, the Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof, may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred is not less than the minimum specified denomination, and may consequently be allocated to a limited number of investors. All of these factors may limit liquidity of Bonds.

In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the 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. It is the obligation of investors to ensure that offers and sales of the Bonds within relevant countries comply with applicable securities laws. Please see "*Subscription and Sale*". The Issuer cannot predict whether an active trading market for the Bonds will develop or be sustained.

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

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

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

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

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

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, 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.

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

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

The Terms and Conditions and the Trust Deed also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (except as mentioned in the Trust Deed) any modification of, and any waiver or authorisation of any breach or proposed breach of, the Trust Deed, the Terms and Conditions, the Agency Agreement and/or the Standby Letter of Credit which in the opinion of the Trustee will not be materially prejudicial to the interests of the Bondholders and to any modification of the Terms and Conditions, the Trust Deed, Agency Agreement or the Standby Letter of Credit which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law.

Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee otherwise agrees, shall be notified by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions.

One or more initial investors are expected to subscribe for a material proportion of the aggregate principal amount of the Bonds.

One or more initial investors are expected to purchase a significant portion of the aggregate principal amount of the Bonds in this offering. Any holder of a majority of the aggregate principal amount of the Bonds will be able to exercise certain rights and powers on its own under the Terms and Conditions and the Trust Deed which will be binding on all Bondholders. For example, holders of at least 75 per cent.

(and at adjourned meetings 25 per cent.) of the aggregate principal amount of the Bonds will be able to vote on reserved matters, including the modification of the Maturity Date of the Bonds or the reduction or cancellation or cancellation of the principal amount of, or interest on, the Bonds, which decision will be binding on all Bondholders. Accordingly, any holder of a significant portion of or majority of the aggregate principal amount of the Bonds may be able to exercise such rights and powers on its own, which will be binding on all Bondholders and control the outcome of votes on such matters. Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market.

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

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 (*Events of Default*) of the Terms and Conditions and the taking of actions and/or steps and/or the instituting of proceedings against the Issuer or the LC Bank pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or action and/or institutes proceedings on behalf of Bondholders. The Trustee will not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or to institute any proceedings on behalf of the Bondholders, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions 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 applicable laws and regulations, it will be for the Bondholders to take such steps and/or actions and/or institute any such proceedings directly.

The Bonds will initially 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.

The Bonds will initially be represented by a Global Certificate, which will be registered in the name of and lodged with a sub-custodian for, the HKMA as the operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of the Bonds.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the CMU to receive payments under the Bonds. The Issuer, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank, or any of their respective representatives, directors, officers, employees, agents, affiliates, advisers or any person who controls any of them has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

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

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

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

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Investors should consult their own tax advisors concerning whether they would be treated as resident enterprises or individuals of the PRC, the possible tax consequences of buying, holding or selling any Bonds and the payment of taxes under the laws of their country of citizenship, residence or domicile.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 respectively and its implementation rules, any gains realised on the transfer of the Bonds by holders who are resident enterprises shall be subject to PRC enterprise income tax at the rate of 25 per cent on its annual taxable amount, and who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

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

Under the Notice on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner(關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號))(the "**Circular 36**"), the Issuer will be obligated to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

According to the Circular on Policies on Enterprise Income Tax and Value-added Tax for Overseas Institutions Investing in the Domestic Bond Market issued by MOF and State Administration of Taxation, which took effect on 7 November 2018 and was renewed on 22 November 2021, that during the period from 7 November 2018 till,31 December 2025, the interest income earned by an overseas institution from its bond investment in the PRC bond market will be temporarily exempted from EIT and VAT. This temporary EIT exemption policy will not apply to the interest income obtained by the institution or establishment set up in China by an overseas institution if such income has an actual connection with the institution or establishment. If the investment in the Bonds by qualified non-PRC Bondholders is deemed as an investment in the domestic bond market, their gains from the Bonds which generated before 31 December 2025 will be exempted from EIT and VAT in accordance with the foregoing circular issued by MOF and State Administration of the Taxation. There is uncertainty about whether above tax incentives will be renewed after 31 December 2025.

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

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 7(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

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

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

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 100 per cent. of their principal amount, together with any unpaid interest accrued up to, but excluding, the Put Settlement Date (as defined in the Terms and Conditions). In addition, the Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice (as defined in the Terms and Conditions) is given to the Bondholders in accordance with Condition 4(b) (*Pre-funding*) of the Terms and Conditions (together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in the Terms and Conditions)). If such an event were to occur or at maturity of the Bonds, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consent of the Bondholders, create and issue further securities constituted by a deed supplemental to the Trust Deed and having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and the timing for complying with the Registration Conditions and the making of the Foreign Debt Registration and the NDRC Post-issue Filing (see "*Terms and Conditions of the Bonds – Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

The Bonds will carry a fixed interest rate. 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 Standby Letter of Credit expires within certain days after the Maturity Date.

The Standby Letter of Credit will expire within certain days after the Maturity Date. In the event that the Trustee does not enforce the Standby Letter of Credit by this expiration date or the date as extended in accordance with the Standby Letter of Credit, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

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

The Terms and Conditions, the Standby Letter of Credit, the Trust Deed and the Agency Agreement are 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 practise after the date of issue of the Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

The LC Bank's ability to perform its obligations under any Standby Letter of Credit issued by it is subject to various factors).

The ability of the LC Bank to make payments under the Standby Letter of Credit will depend on its financial condition, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- **Impaired loans and advances**: The LC Bank's results of operations have been and will continue to be negatively affected by its impaired loans. If the LC Bank is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans it extends in the future, or the LC Bank's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, the LC Bank's financial conditions could be materially and adversely affected.

- **Collateral and guarantees**: A substantial portion of the LC Bank's loans is secured by collateral. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If the LC Bank is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, the LC Bank's financial conditions could be materially and adversely affected.

- **Loans to the real estate sector and government financing platforms**: the LC Bank's loans and advances to customers primarily comprise loans and advances to the manufacturing, transportation, logistics and postal services, production and supply of power, heat gas and water, leasing and commercial services and real estate industries; while a majority of the LC Bank's personal loans and advances to customers primarily comprise residential mortgages. As such, the repayment of such loans and advances to customers is affected by the market performance and conditions of the aforementioned industries which may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from overheating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, the LC Bank 's financial conditions and results of operations. Loans to government financing platforms are a part of the loan portfolio of the LC Bank. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, the LC Bank has not waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Bonds will be mandatorily redeemed upon a pre-funding failure.

The Terms and Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund the principal and interest due on any Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the full amount of the outstanding principal due and interest accrued on the Bonds, and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 7(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

The Bonds will be mandatorily redeemed upon a single drawing under the Standby Letter of Credit.

Under the Standby Letter of Credit, only one drawing is permitted. Therefore, in the event of a drawing under the Standby Letter of Credit, the Bonds will be mandatorily redeemed at their principal amount, together with interest accrued up to but excluding the date of redemption. Bondholders will not be able to hold their Bonds to maturity and receive the expected stream of income from holding the Bonds should such mandatory redemption occur. An investor of the Bonds may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate at the same level as that of the Bonds.

The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit.

Payments of principal, premium (if any) and interest in respect of the Bonds and the fees, costs, expenses, indemnity and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds will have the benefit of the Standby Letter of Credit up to a maximum limit of CNY211,985,400. There can be no assurance that such maximum limit is sufficient to fully satisfy the aforementioned payments.

The Standby Letter of Credit is subject to a time limit.

The Standby Letter of Credit will expire at 6:00 p.m. (Hong Kong time) on 18 January 2028. Subject to the terms of the Standby Letter of Credit, no demand for payment may be made under the Standby Letter of Credit once it has expired. If the Trustee does not or is unable to present a demand under the Standby Letter of Credit on a timely basis, for example due to an interruption of the SWIFT system or the Trustee not having been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, the Standby Letter of Credit may expire in accordance with its terms, in which case no person will be entitled to make any claim against the LC Bank.

Payments with respect to the Bonds may be made only in the manner designated in the Bonds.

All payments to investors in respect of the Bonds will be made solely for so long as the Bonds are represented by global certificates held with the CMU or any other Clearing System, by transfer to a Renminbi bank account maintained in Hong Kong, or for so long as the Bonds are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

RISKS ASSOCIATED WITH BONDS DENOMINATED IN RENMINBI

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal, premium and interest on the Bonds in Renminbi (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Renminbi is not completely freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of the Bonds.

Renminbi is not completely freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are still being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by PBOC in 2018, there can be no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which will have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Bonds denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Bonds and the ability of the Issuer to source Renminbi outside the PRC to service such Bonds.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities, including but not limited to Hong Kong (the "**Renminbi Clearing Banks**"), has established the Cross-Border Inter-Bank Payments System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC, although PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Bonds. To the extent the Issuer is required to source Renminbi outside the PRC to service the Bonds, there can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

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 representing the Bonds:

The issue of the CNY200,000,000 in aggregate principal amount of 4.8 per cent. credit enhanced bonds due 2027 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Chongqing Fengdu Cultural And Tourism Group Co., Ltd.(重慶豐都文化旅遊集團有限公司)(the "**Issuer**") passed on 25 September 2023 and resolutions of the sole shareholder of the Issuer on 16 October 2023. The Bonds are constituted by a trust deed (as amended, restated, supplemented and/or replaced from time to time, the "**Trust Deed**") dated 19 December 2024 (the "**Issue Date**") between the Issue 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 include all persons for the time being trustee or trustees under the Trust Deed, and shall include any successor thereof) as trustee for itself and the holders of the Bonds. These terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds are the subject of an agency agreement (as amended, supplemented, restated and/or replaced from time to time, the "**Agency Agreement**") dated 19 December 2024 between the Issuer, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (in such capacity, the "**Registrar**", which expression includes any successor registrar appointed from time to time with respect to the Bonds), as transfer agent (in such capacity, the "**Transfer Agent**", which expression includes any successor or additional transfer agents appointed from time to time with respect to the Bonds) and as the CMU lodging and paying agent (in such capacity, the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time with respect to the Bonds). China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司) as the account bank (in such capacity, the "**Pre-funding Account Bank**", which expression shall include any successor) with which the Pre-funding Account (as defined below) is held and as the account bank (in such capacity, the "**LC Proceeds Account Bank**", which expression shall include any successor, together with the Pre-funding Account Bank, the "**Account Banks**") with which the LC Proceeds Account (as defined below) is held. References herein to "**Paying Agents**" include the CMU Lodging and Paying Agent, and "**Agents**" means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds.

The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated on or about 18 December 2024 issued by Chongqing Three Gorges Bank Co., Ltd. (the "**LC Bank**") in favour of the Trustee on behalf of itself and the holders of the Bonds.

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 Standby Letter of Credit and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by the Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Trustee (being as at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) following prior written request and proof of holding and identity to the satisfaction of the Trustee.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each a "**Specified Denomination**"). The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall evidence the entire holding of Bonds by the same holder. Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

Except as ordered by a court of competent jurisdiction or as required by law, the holder 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 representing it (other than the endorsed form of transfer) or the theft, destruction 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 name thereof).

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with, a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in the 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) **Transfer**: A holding of Bonds may, subject to Condition 2(b), Condition 2(e) and the Agency Agreement, 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 (which shall be in a Specified Denomination), together with the form of transfer endorsed on such Certificate(s), 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 (which shall be in a Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in a Specified Denomination). 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.

Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures for the time being of the Operator.

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

(c) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) or Condition 2(b) shall be made 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 and signed form of transfer and surrender of the existing Certificate(s). The form of transfer is available at the specified office of each Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer or surrender of Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be 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 in writing 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, a Sunday, or a public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(d) **Formalities 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 and all taxes, duties, assessments or other governmental charges that may be imposed in relation to any of them (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 or the relevant Transfer Agent being satisfied in its sole and 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 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 any payment of principal in respect of that Bond or redemption of that Bond; (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)); and (iii) after the exercise of the put option in Condition 7(c) in respect of such Bond.

3. STATUS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4. STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) **Standby Letter of Credit**: The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the

Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand by such method of communication as otherwise permitted under the Standby Letter of Credit) stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined in Condition 4(b)(ii)) in accordance with Condition 4(b) or (ii) an Event of Default (as defined in Condition 10) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with these Conditions.

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in immediately available funds in Renminbi to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction documents relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction documents relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY211,985,400 (the "**Maximum Limit**"), an amount representing the aggregate principal amount of CNY200,000,000 of the Bonds plus interest payable for one interest period in accordance with these Conditions plus CNY7,185,400 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts which may be incurred by the Trustee or payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the date thereof and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 18 January 2028 (the "**Expiry Date**") or the date as extended in accordance with the Standby Letter of Credit, and shall expire at the place of the LC Bank.

(b) **Pre-funding**: In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under these Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and

(ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or a scanned copy by electronic mail (with the original to be delivered promptly thereafter) (x) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined below), and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable upon any failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(A) send the notice substantially in the form set out in the Agency Agreement (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and

(B) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date, issue a Demand to the LC Bank for the aggregate principal amount due in respect of all of the Bonds then outstanding, together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) or, as the case may be, the Put Settlement Date (as defined in Condition 7(c)), and all fees, costs, expenses, indemnity payments and all other amounts payable under or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction document relating to the Bonds, provided that, in accordance with the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand via facsimile transmission).

On or after the Issue Date and following receipt by the LC Bank of such Demand presented by the Trustee or on its behalf by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day, or if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day, pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available and cleared funds to the LC Proceeds Account without deduction or withholding for or on account of tax, set-off, counter-claim or otherwise. In the event that any deduction or withholding is required by law or regulation, the LC Bank shall pay such additional amounts as will result in receipt by the Trustee of such amounts as would have been received by it had no such deduction or withholding been so required by law or regulation.

The Trustee will not be liable to anyone in the event that the Standby Letter of Credit cannot be drawn for any reason, or if the amount paid under the Standby Letter of Credit is insufficient to repay all amounts due under the Bonds or the Trust Deed, and shall be entitled to rely conclusively without investigation on any Required Confirmations or any other confirmations or notifications from the Issuer, the Pre-funding Account Bank, the LC Proceeds Account Bank, the LC Bank and/or any Agent received by it and shall not be liable to any Bondholder or any other person for so relying upon such confirmations or notifications and shall not be responsible for any loss occasioned by acting on such confirmations or notifications. The Trustee is not required to physically hold the Standby Letter of Credit.

For the purposes of these Conditions:

"**Business Day**" means a day (other than a Saturday, Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Beijing and Hong Kong;

"**LC Proceeds Account**" means a non-interest bearing Renminbi account established in the name of the Trustee with the LC Proceeds Account Bank and such other accounts or sub-accounts as designated by the LC Proceeds Account Bank from time to time for such purpose;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (i) payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b) and (ii) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing Renminbi account established in the name of the Issuer with the Pre-funding Account Bank and such other accounts or sub-accounts as designated by the Pre-funding Account Bank from time to time for the purposes specified above.

5. COVENANTS

(a) **Notification to NDRC:** The Issuer undertakes that it will (i) file or cause to be filed with the NDRC within 10 Registration Business Days after the Issue Date the requisite information and documents in respect of the Bonds (the "**NDRC Post-issue Filing**") in accordance with the Administration Measures for the Examination and Registration of Medium- and Long-term Foreign Debt of Enterprises(企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC with effect from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Administrative Measures**") and (ii) comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing and the NDRC Administrative Measures.

(b) **Foreign Debt Registration:** The Issuer undertakes that it will (i) within the prescribed time submit or caused to be submitted an application for the registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration(外債登記管理辦法) and its operating guidelines(外債登記管理操作指引) issued by SAFE which came into effect on 13 May 2013 and as amended on 4 May 2015 and, if applicable, the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing(中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People's Bank of China (the "**PBOC**") and which came into effect on 12 January 2017 and as amended on 4 February 2021 and if applicable, the SAFE Operating Guidelines for Foreign Exchange Business under the Capital Account (2024 Version)(資本項目外匯業務指引(2024年版)), and any implementation rules, reports, certificates or guidelines as issued by SAFE or the PBOC, as the case may be and from time to time (the "**Foreign Debt Registration**"); (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline; and (iii) comply with all applicable PRC laws and regulations in relation to the issue and registration of the Bonds promulgated thereunder from time to time.

(c) **Notification of Submission of the NDRC Post-issue Filing and Foreign Debt Registration:**

The Issuer shall within 10 Registration Business Days after the submission of the NDRC Post-issue Filing, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing; and copies of the relevant documents evidencing the submission of the NDRC Post-issue Filing, each certified in English by an Authorised Signatory as a true and complete copy of the original (together, the "**Registration Documents**"), and (ii) give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing.

The Issuer shall within 10 Registration Business Days after the receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of registration issued by SAFE) and before the Registration Deadline, provide the Trustee with (A) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory confirming (aa) the completion of the Foreign Debt Registration, and (bb) the copies mentioned in (B) of this paragraph are true and complete copies of the originals; and (B) copies of the relevant documents evidencing the Foreign Debt Registration (the items specified in (A) and (B) together, the "**Foreign Debt Registration Documents**"). In addition, the Issuer shall within five Registration Business Days after the Foreign Debt Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Foreign Debt Registration.

The Trustee may rely conclusively without investigation or verification on the Registration Documents and Foreign Debt Registration Documents and the Trustee shall have no obligation or duty to monitor, assist with or ensure the submission of the NDRC Post-issue Filing or the completion of the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, content, completeness, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing or Foreign Debt Registration, or to give notice to the Bondholders confirming the submission of the NDRC Post-issue Filing or the completion of the Foreign Debt Registration, or any translation or certification thereof or to procure the translation into English of any document referred to above which is not in English, and shall not be liable to the Bondholders or any other person for not doing so, and may rely on the certificates referred to above conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(d) **Provision of Financial Information:** So long as any Bond remains outstanding (as defined in the Trust Deed):

(i) the Issuer shall provide a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Audited Financial Reports; and

(ii) the Issuer shall provide (A) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (audited by a nationally or internationally recognised firm of independent accountants) of the Issuer and its Subsidiaries (if any); and (B) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports of the Issuer and its Subsidiaries (if any), and in each case, if such statements shall be in the Chinese language, together with an English translation of the same (at the cost of the Issuer) translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to any Bondholder, the Issuer or any other person on any such translation as being a complete and accurate translation of the original);

The Trustee shall not be required to review the Audited Financial Reports, the Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 5(d) and, if the same is not in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Bondholder, the Issuer or any other person for not doing so.

(e) **Definitions:** In these Conditions:

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

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

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

(i) no Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

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

"**NDRC**" means the National Development and Reform Commission of the PRC or any relevant local branch thereof;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Potential Event of Default**" means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions only, exclude 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;

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

"**Registration Deadline**" means a day falling 90 Registration Business Days after the Issue Date;

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

a "**Subsidiary**" of any Person 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 law, 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;

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

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

6. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.8 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY240.0 per Calculation Amount (as defined below) on 19 June and 19 December in each year (each an "**Interest Payment Date**"), commencing on 19 June 2025.

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, 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 CMU Lodging and 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) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to (i) the product of the rate of interest specified above, (ii) the Calculation Amount and (iii) the day-count fraction for the relevant period, rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards).

7. REDEMPTION AND PURCHASE

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 19 December 2027 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with any unpaid interest accrued up to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 December 2024; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer 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 of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively without investigation upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 7(b), in which event they shall be conclusive and binding on the Bondholders. None of the Trustee, the Account Banks or the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 7(b) has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 7(b) and none of them shall be liable to the Bondholders or the Issuer or any other person for not doing so.

Upon the expiry of any such notice period as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Bonds on the date and in such manner as specified in such notice in accordance with this Condition 7(b).

(c) **Redemption for a Relevant Event**: Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 100 per cent. of their principal amount, together with any unpaid interest accrued up to, but excluding, the Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the CMU Lodging and Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate representing 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 15.

The "**Put Settlement Date**" shall be the 14th Payment Business Day (as defined in Condition 8(f)) 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 which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

Not later than 14 Payment Business Days (in the case of a Change of Control Event) or 5 days (in the case of a No Registration Event) following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the CMU Lodging and Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

(i) the Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control Event or No Registration Event;

(iii) the date by which the Put Exercise Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the name and address of the CMU Lodging and Paying Agent;

(vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the relevant put right; and

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

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 each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer 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 in connection with a Relevant Event and none of them shall be liable to the Holders, the Issuer or any other person for any loss for not doing so. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to the Bondholders or the Issuer or any other person for not doing so.

So long as the Bonds are represented by the Global Certificate, a Bondholder's right to redemption of the Bonds due to a Relevant Event will be effected in accordance with the rules and procedures for the time being of the Operator.

(d) **Mandatory Redemption upon Pre-funding Failure**: The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date on which the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**"), together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date.

If the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond under Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, such holder's Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with any unpaid interest accrued up to, but excluding, such Put Settlement Date, provided that if such Pre-funding Failure occurs and a Pre-funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 6 or Condition 7(a), the Bonds shall be redeemed in whole, but not in part, on the Mandatory Redemption Date at their principal amount, together with any unpaid interest accrued up to, but excluding, the Mandatory Redemption Date.

(e) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Bondholders and for the purposes of Conditions 10, 12(a) and 13.

(f) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition 7 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 7. If there is more than one notice of redemption given in respect of any Bond, including any Tax Redemption Notice given by the Issuer pursuant to Condition 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(c), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(g) **Cancellation**: All Certificates representing Bonds purchased by or on behalf of any of the Issuer or any of its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. 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.

(h) **Definitions**: For the purposes of these Conditions:

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

(i) Fengdu SAAC together with one or more Government Persons, cease to, directly or indirectly, hold or own 100.0 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or mergers into or sells or transfers all or substantially all of its assets to any person or persons, unless such person is a Government Person or is directly or indirectly 100.0 per cent. held or owned by a Government Person(s);

"**Control**" means, with respect to a person (where applicable) (i) the ownership, acquisition or control of 100.0 per cent. of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove all or a majority of the members of the person'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. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

"**Fengdu SAAC**" means the Fengdu County State-Owned Assets Affairs Center (豐都縣國有資產事務中心) or its successor;

a "**Government Person**" means any of (i) Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會) and its successors, (ii) the People's Government of Chongqing (重慶市人民政府) and its government departments and agencies, (iii) People's Government of Sichuan Province (四川省人民政府) and its government departments and agencies, and (iv) any other person directly or indirectly Controlled by the central government of the PRC;

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

a "**No Registration Event**" occurs when any of the Registration Conditions is not complied with on or before the Registration Deadline;

"**Registration Conditions**" means the receipt by the Trustee of the NDRC Post-issue Filing Documents relating to the NDRC Post-issue Filing in accordance with Condition 5(a) and the Foreign Debt Registration Documents in accordance with Condition 5(c); and

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

8. PAYMENTS

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) and interest shall be made (subject to surrender of the relevant Certificates at the specified office of the CMU Lodging and Paying 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 8(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 Payment Business Day falling five Payment Business Days before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Renminbi by transfer to the registered account of the holder of such Bond. In this Condition 8(a), the "**registered account**" of a Bondholder means the Renminbi account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

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

*For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an "**accountholder**"), where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants and the Trustee and the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants and the indirect participants in respect of such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

(b) **Payments subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, 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 9) 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 on the due date, or if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the CMU Lodging and Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents**: The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (or as provided in the Trust Deed and the Agency Agreement, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, (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.

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 Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 8(a) arrives in the registered account of the Bondholder after the due date for payment.

(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 8, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Beijing, Hong Kong and the place in which the specified office of the CMU lodging and Paying Agent is located and (if surrender of the relevant Certificate is required) in the relevant place of presentation.

9. TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 12 December 2024 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

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

(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; or

(iii) **Tax Declaration**: to a holder (or to a third party on behalf of a holder) who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

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 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

"**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 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.

None of the Agents, the Trustee or the Account Banks shall in any event be responsible for paying any tax, duty, charges, assessments, government charges, withholding, deduction or other payment referred to in this Condition 9 or otherwise in connection with the Bonds or the Standby Letter of Credit or for determining whether such amounts are payable or the amount thereof, nor shall they be responsible or liable for any failure by the Issuer, the LC Bank, any Bondholder or any other person to pay such tax, duty, charges, assessments, government charges, withholding, deduction or other payment in any jurisdiction or to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment, including without limitation any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charges, assessments, withholding or other payment imposed by or in any jurisdiction.

10. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs, the Trustee at its sole and absolute discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and payable at their principal amount together (if applicable) with any premium and accrued but unpaid interest without further action or formality:

(A) **With Respect to the Issuer:**

(a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any) of the Bonds when due or (ii) interest on any of the Bonds when due and such failure continues for a period of 14 days; or

(b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than those referred to in Condition 10(A)(a) or where such default gives rise to a right of redemption pursuant to Condition 7(c) or Condition 7(d)) and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) if, in the opinion of the Trustee, is capable of remedy, remains unremedied for 30 days after notice of such default shall have been given to the Issuer by the Trustee; provided that if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 4(b) and such amount has subsequently been paid by the LC Bank following a drawing under the Standby Letter of Credit to or to the order of the Trustee and paid to holders of the Bonds, then such breach will not constitute an Event of Default under this Condition 10(A)(b); or

(c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(A)(c) have occurred in aggregate equals or exceeds CNY200,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the Renminbi as quoted by any leading bank on the day on which this Condition 10(A)(c) operates); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any Principal Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiaries over the whole or any material part of its assets 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 30 days; or

(f) **Insolvency:** the Issuer or any Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type 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 any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or all or any material part of a particular type of) the debts of the Issuer or any Principal Subsidiaries; or

(g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of Principal Subsidiaries (save for a voluntary solvent winding-up of any Principal Subsidiary), or the Issuer or any Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except (i) for the purpose of and followed by a solvent winding-up or dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or another Subsidiaries, or (ii) a disposal of or by a Principal Subsidiary to another person on an arm's length basis for market consideration, where the proceeds (whether in cash or otherwise) resulting from such disposal are transferred to or vested in the Issuer and/or any Subsidiaries; or

(h) **Nationalisation:** any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any Principal Subsidiaries or the Issuer or any Principal Subsidiaries is prevented by any person from exercising normal control over all or any material part of its undertakings, assets and 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 lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable or (iii) to make the Bonds and the Trust Deed 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 to perform or comply with any one or more of its obligations under any of the Bonds and the Trust Deed; or

(k) **Standby Letter of Credit:** the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; 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 Condition 10(A)(d) to Condition 10(A)(i) (both inclusive).

In this Condition 10(A), "**Principal Subsidiary**" means any Subsidiary of the Issuer (other than Fengdu County Xingcheng Land and Housing Improvement Construction Engineering Co., Ltd.(豐都縣興城土地和房屋整治建設工程有限公司), Chongqing Fengdu Longjiang Water Pollution Control Co., Ltd.(重慶市豐都縣龍江水污染治理有限公司)and Fengdu Hongda Highway Development Co., Ltd.(豐都縣宏達公路發展有限公司)):

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

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

(iii) whose total assets 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 amount which equals the amount included in the consolidated total assets of the relevant company and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the relevant company and its Subsidiaries including, for the avoidance of doubt, the investment of the relevant company in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the relevant company and after adjustment for minority interests;

provided that, in relation to paragraphs (i), (ii) and (iii) 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 relevant company relate, the reference to the then latest consolidated audited accounts of the relevant company for the purposes of the calculation above shall, until consolidated audited accounts of the relevant company 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 relevant company 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 relevant company or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profit or total assets of the relevant company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the relevant company;

(C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit 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 relevant company; and

(D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the relevant company, 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 relevant company prepared for this purpose by the relevant company; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, 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 become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the relevant company prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition.

A certificate signed by any Authorised Signatory confirming that a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer may be relied upon by the Trustee without further enquiry or evidence and shall, in the absence of manifest error, be conclusive and binding on the Bondholders.

(B) **With respect to the LC Bank**:

(i) **Cross-Default:** any other present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(B)(i) have occurred equals or exceeds CNY200,000,000 or its equivalent (or its equivalent in any other currency or currencies); or

(ii) **Insolvency:** the LC Bank or any Material Subsidiary is insolvent or bankrupt or unable to pay its debts as and when such debts fall due; stops or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all 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 a material part of its debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any Material Subsidiary; or

(iii) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the LC Bank or any Material Subsidiary (except for any voluntary solvent winding-up of any Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (X) on terms approved by an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or

(iv) **Illegality:** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 30 calendar days such that the LC Bank may lawfully perform such obligations; or

(v) **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 Conditions 10(B)(ii) or 10(B)(iii).

In this Condition 10(B):

"**LC Bank Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank.

"**Material Subsidiary**" means an LC Bank Subsidiary whose total assets or total revenue (consolidated in the case of an LC Bank Subsidiary which itself has subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer.

A certificate signed by an authorised signatory of the LC Bank that an LC Bank Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Bondholders.

"**Public External Indebtedness**" means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by the LC Bank of indebtedness for money borrowed, which (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

11. PRESCRIPTION

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

12. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of the 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 and/or the Standby Letter of Credit. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if so requested in writing 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 or representing whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of certain proposals, *inter alia*, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (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 release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 15 or modification pursuant to 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. A resolution passed in writing and/or by an Electronic Consent will be binding on all Bondholders whether or not they participated in such written resolution or Electronic Consent, as the case may be.

(b) **Modification of these Conditions, Trust Deed, Agency Agreement and Standby Letter of Credit**: The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of, or any of these Conditions or any of the provisions of the Trust Deed, the Standby Letter of Credit or the Agency Agreement that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law; (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Standby Letter of Credit and/or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders; and (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of bonds pursuant to Condition 15 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, authorisation, amendment, supplement, replacement or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation, amendment, supplement, replacement or waiver shall be notified by the Issuer to the Bondholders in accordance with Condition 16 as soon as practicable. The Trustee may request and conclusively rely without investigation upon any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning the compliance with the above conditions in respect of any waiver, authorisation, supplement, replacement, modification and amendments.

(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 the interests of the Bondholders as a class and shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever the number) and, in particular but without limitation shall not have regard to the interests of, or be responsible for 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 Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. ENFORCEMENT

The Trustee may, at its sole and absolute discretion, but shall not be obliged to, and without further notice, at any time after the Bonds become due and payable take any steps and/or actions and/or institute proceedings against the Issuer and/or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and/or the Bonds and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) other than in the case of the making of a drawing under the Standby Letter of Credit, it shall have been first indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

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

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 in certain circumstances including without limitation provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or these Conditions and in respect of the Bonds and to enforce payment or taking other actions and/or steps and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid its fees, costs, expenses, indemnity payments and any liabilities and other amounts incurred by and/or payable by it in priority to the claims of the Bondholders. In addition, the Trustee, the Agents and their affiliates are entitled to (i) enter into business transactions with the Issuer, the LC Bank and/or any entity related (directly or indirectly) to the Issuer or the LC Bank without accounting for any profit, (ii) to act as trustee for the bondholders of any other securities issued by or relating to, the Issuer and any entity related to the Issuer, (iii) exercise and enforce their rights, powers and discretions, comply with their obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (iv) retain any profit made or any other amount or benefit received thereby or in connection therewith without accounting for such profit.

The Trustee, each Agent and the Account Banks may accept and shall be entitled to rely conclusively without liability to Bondholders, the Issuer, the LC Bank or any other person on any report, confirmation, information or certificate from or any opinion or advice of any lawyers, accountants, auditors, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to them and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee, the Agents and the Account Banks may accept and shall be entitled to rely conclusively on any such report, confirmation, information, certificate, opinion or advice and, in such event, such report, confirmation, information, certificate, opinion or advice shall be binding on the Issuer, the LC Bank and the Bondholders. None of the Trustee, Agents or the Account Banks shall be responsible or liable to the Issuer, the LC Bank 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, any of the Agents or the Account Banks shall be responsible or liable for the performance by the Issuer, the LC Bank and/or any other person appointed by the Issuer or the LC Bank 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 or the LC Bank to the contrary, each of the Trustee, the Agents and the Account Banks shall be entitled to assume that the same are being duly performed.

None of the Trustee, the Agents or the Account Banks shall have any obligation to monitor, or to take any steps to ascertain, compliance by the Issuer, the LC Bank or any other person with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions, or to ascertain whether an Event of Default, a Potential Event of Default (as defined in the Trust Deed), a Pre-funding Failure or a Relevant Event has occurred or may occur, and they shall not be responsible or liable to the Bondholders 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 Standby Letter of Credit 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 be entitled to rely conclusively on any such directions or clarification and is not be responsible for any loss or liability incurred by the Issuer, the LC Bank, 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, seeking such directions or clarification from Bondholders or in the event that no such directions or clarification are received by the Trustee.

None of the Trustee, any Agent or the Account Banks shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee, such Agent or the Account Banks in accordance with the instructions, direction or request 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.

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, the LC Bank and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility or liability 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, the first payment of interest on them and the timing for making of the NDRC Post-issue Filing and Foreign Debt Registration) and so that the same 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. However, such further bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental or replacement standby letter of credit represents an increase at least equal to the principal of and interest payment for one Interest Period due on such further bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue as agreed by the Trustee); and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. Any such further bonds shall be constituted by a deed supplemental to the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit.

16. NOTICES

Notices to the holders of Bonds shall be valid if mailed to them by uninsured mail (at the cost of the Issuer) 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 publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

17. 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 any 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, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

18. 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.

19. CURRENCY INDEMNITY

Renminbi is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages, except with regard to fees, costs, expenses, indemnity payments payable to or incurred by the Trustee, Agents and the Account Banks which shall be as provided for in the Trust Deed, the Agency Agreement and the Standby Letter of Credit. Any amount received or recovered in a currency other than Renminbi (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only discharge the Issuer to the extent of the Renminbi amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Renminbi amount is less than the Renminbi amount expressed to be due to the recipient under the Trust Deed, the Agency Agreement, the Standby Letter of Credit or the Bonds, the Issuer shall indemnify it on demand on an after tax basis against the cost of making any such purchase and any loss sustained by it as a result. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or the Bonds or any other judgment or order or any termination of the Trust Deed or the removal or resignation of the Trustee.

20. GOVERNING LAW AND JURISDICTION

(a) **Governing Law:** The Bonds, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and any non-contractual obligations arising out of or in connection with them, are all 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 and the Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement or the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. The Issuer has irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Agent for Service of Process:** The Issuer has irrevocably appointed Cogency Global (HK) Limited at its registered office currently at Room 2303, 23/F, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong as its authorised agent to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Trust Deed, the Agency Agreement or the Standby Letter of Credit. If for any reason Cogency Global (HK) Limited ceases to be so appointed, the Issuer shall forthwith appoint a new agent for service of process in Hong Kong 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:** The Issuer 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 IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

Upon issue, the Bonds will be represented by a Global Certificate registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank SA/NV or Clearstream Banking, S.A., such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator.

Promise to pay

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from 19 December 2024 (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, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Payments of interest, premium or principal will be made to the CMU which will credit the same in accordance with the CMU Rules to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an "**accountholder**") 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 day on which the CMU is operating and open for business. Payment made in accordance with the CMU Rules as set out in the immediately preceding sentence shall discharge the obligations of the Issuer in respect of that payment.

Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee and the CMU Lodging and Paying Agent shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of such payment.

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 the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar (an "**Alternative Clearing System**") through which the Bonds are held 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 (where the Bonds represented by the Global Certificate are cleared through the CMU, acting on behalf of the CMU Lodging and Paying Agent) and despatch to the Bondholders. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of Bonds so produced or for which he is a proxy or representative.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to the CMU, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions and shall be deemed to have been given at the time of delivery to the CMU.

Bondholders' Redemption

The Bondholder's redemption option in Condition 7(c) (*Redemption for a Relevant Event*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent of the principal amount of the Bonds in respect of which the option is exercised within the time limits set out in the Terms and Conditions, in accordance with the rules and procedures of the CMU or any Alternative Clearing System.

Issuer's Redemption

The Issuer's redemption option in Condition 7(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

Transfers

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

Cancellation

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

Trustee's Powers

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

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar (where relevant, acting on behalf of the CMU Lodging and Paying Agent).

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be CNY200,000,000. After deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, the net proceeds will be used for replenishing the working capital (including but not limited to the repayment of current bank loans and supporting of the day-to-day operational expenses) of the Issuer and its subsidiaries which are non-local government financing platform companies.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total borrowings (both current and non-current portions), total equity and total capitalisation of the Group as at 31 December 2023 and adjusted to give effect to the issue of the Bonds offered hereby before deduction of any fees, commissions and expenses. The table should be read in conjunction with the Issuer's Consolidated Audited Financial Statements and related notes to those financial statements included elsewhere in this Offering Circular.

	As of 31 December 2023	
	Actual	**As adjusted**
	(RMB)	*(RMB)*
Current indebtedness:		
Short-term borrowings	154,204,485.42	154,204,485.42
Non-current liabilities due within one year	140,363,274.56	140,363,274.56
Other current liabilities	25,383.50	25,383.50
Total current indebtedness	**294,593,143.48**	**294,593,143.48**
Non-current indebtedness:		
Long-term loans	447,044,712.20	447,044,712.20
Long-term payables	1,777,798,086.43	1,777,798,086.43
Bonds to be issued(1)	–	200,000,000.00
Total non-current indebtedness	**2,224,842,798.63**	**2,424,842,798.63**
Total indebtedness(2)	**2,519,435,942.11**	**2,719,435,942.11**
Total equity	**14,042,111,578.95**	**14,042,111,578.95**
Total capitalisation(3)	**16,561,547,521.06**	**16,761,547,521.06**

Notes:

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

(2) Total indebtedness equals the sum of current indebtedness and non-current indebtedness.

(3) Total capitalisation represents the sum of total indebtedness and total equity.

Except as disclosed in this Offering Circular, there has been no material adverse change to the consolidated capitalisation or indebtedness of the Issuer since 31 December 2023.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a company wholly owned by the Fengdu SAAC. Since its establishment in 1998, the Group has been serving as a core operating entity for municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County. Leveraging on the development of Fengdu County, strong shareholder's support and the experienced management team of the Group, the Group has played an important role in the development of Fengdu County.

The Group primarily conducts its business within Fengdu County in Chongqing Municipality. Fengdu County is a county in Chongqing Municipality, and consists of two subdistricts, twenty-three towns and five townships. According to Chongqing Municipal Bureau of Statistics（重慶市統計局）, Fengdu County has a total population of approximately 796.4 thousand as at the end of 2022. Fengdu County, located at the centre of Chongqing Municipality, plays a significant role in terms of political, economic and cultural development in Chongqing Municipality. The Group has taken advantage of the rapid economic growth of Fengdu County and Chongqing Municipality. According to Chongqing Municipal Bureau of Statistics（重慶市統計局）, the GDP of Fengdu County in the years ended 31 December 2020, 2021 and 2022 amounted to approximately RMB33.3 billion, RMB37.5 billion and RMB39.1 billion respectively. The GDP of Chongqing Municipality in the years ended 31 December 2020, 2021 and 2022 amounted to approximately RMB2.5 trillion, RMB2.8 trillion and RMB2.9 trillion respectively.

Moreover, the Group has capitalised on the extensive transport network of Fengdu County. Fengdu County has outstanding transport infrastructure with railways and expressways passing through the county, including the Shizhu-Chongqing Expressway（石柱－重慶高速公路）, Chongqing Yanjiang Expressway（重慶沿江高速）and Chongqing-Lichuan Railway（渝利鐵路）. In addition, the Chongqing-Wanzhou High-Speed Railway（渝萬高速鐵路）and Dianfengwu Expressway（墊豐武高速公路）, which will pass through the county, are currently under construction.

In addition, the Group is benefited by the strong competitiveness of Fengdu County. Fengdu County has a solid industry chain owing to the synergistic development of traditional and emerging industries. Traditional industries, such as agriculture and animal husbandry, together with rapidly developing emerging industries, such as tourism industry and retail industry, have presented valuable business opportunities and attracted strong capital inflow to Fengdu County.

Fengdu County was selected as the Seventh Chongqing Shuangyong Model City (County)（重慶市第七屆雙擁模範城（縣））by the Chongqing Chinese Communist Party Municipal Committee（中國共產黨重慶市委員會）, Chongqing Government and Chongqing Garrison Command（中國人民解放軍重慶警備區）in 2020. Taking advantage of the illustrated robust local economic and social development, Fengdu County was also selected as the "Top 100 Western Counties in China"（中國西部百強縣市）by the Competitiveness Think Tank（競爭力智庫）, China Economic Herald（中國經濟導報）and Beijing Zhongxin Academy of Urban Planning and Design（北京中新城市規劃設計研究院）in 2021. The great economic development potential of Fengdu County has supported and will continue to support the business growth of the Group.

To perform its function as a core operating entity for municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County, the Group has developed a diversified business portfolio. Set forth below is an overview of the principal business segments of the Group as at the date of this Offering Circular:

- ***Engineering Construction:*** The Group engages in the business of engineering construction. The Group operates its engineering construction business primarily through the Issuer. The Issuer is primarily responsible for municipal infrastructure construction and tourism and cultural infrastructure construction projects in Fengdu County, Chongqing Municipality. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's engineering construction business was RMB639.5 million and RMB374.3 million, respectively, accounting for 96.3 per cent. and 55.9 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Tourism:*** The Group conducts its tourism service business through its subsidiaries Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd. (重慶豐都名山旅遊(集團)有限公司) and Chongqing Fengdu Nantianhu Tourist Attraction Management Co., Ltd. (重慶豐都南天湖旅遊景區管理有限公司). For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's tourism business was RMB21.1 million and RMB245.3 million, respectively, accounting for 3.1 per cent. and 36.7 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Other Businesses:*** The Group conducts other businesses including land consolidation, cemetery spaces, rental income and advertising. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's other businesses was RMB3.8 million and RMB49.6 million, respectively, accounting for 0.6 per cent. and 7.4 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

The following table sets forth a breakdown of the Group's revenue from each business segment of the Group for the periods indicated:

	For the year ended 31 December			
	2022		2023	
	Amount	per cent.	Amount	per cent.
	(RMB in millions, except percentages)			
Engineering Construction	639.5	96.3	374.3	55.9
Tourism	21.1	3.1	245.3	36.7
Other Businesses	3.8	0.6	49.6	7.4
Total Revenue	**664.4**	**100.0**	**669.2**	**100.0**

HISTORY AND DEVELOPMENT

The following sets forth key milestones in the Group's development history:

Year	Milestone Events
February 1998	The Issuer was established on 16 February 1998 as a whole-people owned enterprise (全民所有制企業), ultimately owned by the Fengdu County Government. The initial registered capital of the Issuer was RMB10.00 million.
April 2021	According to the Approval on Change from Whole-people Owned Enterprise to Limited Liability Company of Fengdu Immigration Comprehensive Development Zone Development Corporation (《關於豐都移民綜合開發區開發總公司由全民所有制改為有限公司的批復》), the Issuer implemented restructuring and became a limited liability company. The shareholder of the Issuer was changed from Fengdu County Government to Fengdu Hongfeng Construction Co., Ltd. (豐都縣宏豐建設有限公司). The Issuer changed its name from Fengdu Immigration Comprehensive Development Zone Development Corporation (豐都移民綜合開發區開發總公司) to Fengdu County Immigration Construction and Development Co., Ltd. (豐都縣移民建設開發有限公司).

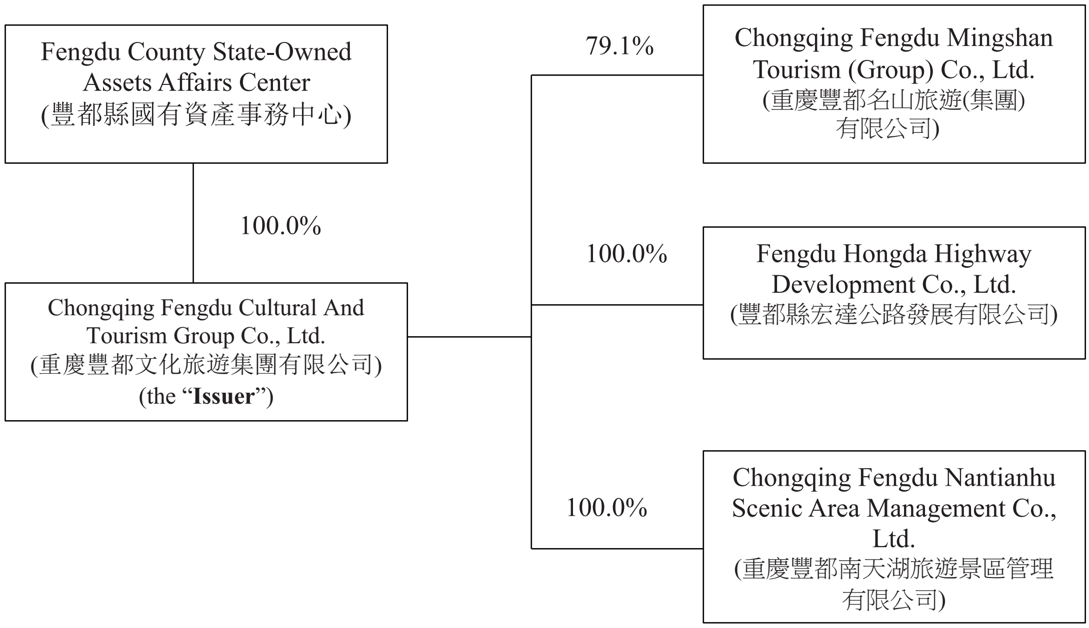
Year	Milestone Events
June 2022	According to the Notice from Fengdu SAAC on Transfer of Shares of Fengdu County Immigration Construction and Development Co., Ltd. (Feng Du Zi Fa (2022) No.22)(《豐都縣國有資產事務中心關於豐都縣移民建設開發有限公司股權轉讓的通知》(豐都資發[2022]22號))and the Fengdu County Immigration Construction and Development Co., Ltd. Share Transfer Agreement(《豐都縣移民建設開發有限公司股權轉讓協議》), the controlling shareholder of the Issuer changed from Fengdu Hongfeng Construction Co., Ltd. to Fengdu SAAC at a consideration of RMB10.0 million. The Issuer became a wholly-owned subsidiary of Fengdu SAAC. The Issuer's registered capital was increased to RMB2,000.0 million.

RECENT DEVELOPMENT

In April 2024, the Issuer received the Approval of Fengdu County Government on the Disposal of Fengdu County Sitong Highway Development Co., Ltd. and other State-owned Enterprises (Fengdu County Government [2024] No. 94)(關於明確豐都縣四通公路發展有限公司等國有企業處置方式的請示(豐都府[2024]94號))(the "**Document**"). Pursuant to this Document, certain subsidiaries of the Group, including Fengdu County Xingcheng Land and Housing Improvement Construction Engineering Co., Ltd.(豐都縣興城土地和房屋整治建設工程有限公司), Chongqing Fengdu Longjiang Water Pollution Control Co., Ltd.(重慶市豐都縣龍江水污染治理有限公司)and Fengdu Hongda Highway Development Co., Ltd.(豐都縣宏達公路發展有限公司)(together, the "**Targeted Subsidiaries**"), are to be de-registered and wound up. As at 31 December 2023, the total assets of Fengdu County Xingcheng Land and Housing Improvement Construction Engineering Co., Ltd.(豐都縣興城土地和房屋整治建設工程有限公司), Chongqing Fengdu Longjiang Water Pollution Control Co., Ltd.(重慶市豐都縣龍江水污染治理有限公司)and Fengdu Hongda Highway Development Co., Ltd.(豐都縣宏達公路發展有限公司)were RMB2.73 billion, RMB1.55 billion and RMB1.57 billion, representing 15.45 per cent., 15.40 per cent. and 8.89 per cent. of the total assets of the Group, respectively. Their remaining assets and equity interests will be consolidated or transferred to other state-owned enterprises directly or indirectly owned by Fengdu County Government respectively according to further details and arrangement proposed by the Fengdu County Government (the "**Disposal**"). As at the date of this Offering Circular, the de-registration procedures for the Targeted Subsidiaries have been completed. The Issuer confirms the Disposal is a voluntary solvent winding-up in accordance with the policy of state-owned enterprises reform proposed by the Fengdu County Government, and it will not trigger the default of any onshore or offshore indebtedness of the Group. The Issuer believes that the Disposal will not materially and adversely affect the Group's net assets, operating income and net profit, nor will the Disposal have a material negative impact on the Group's day-to-day operations or ability to service its debts, or on the issuance of the Bonds.

CORPORATE STRUCTURE

The following table sets forth the Group's structure indicating major subsidiaries directly owned by the Issuer as at 31 December 2023:



COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

Benefits from the strategic location and abundant resources of Fengdu County.

The Group's businesses and operations are primarily carried out in Fengdu County, which is located in the upper reaches of the Yangtze River and the east of Chongqing Municipality. At present, Fengdu County has been regarded as the centre and the important transportation node of the Three Gorges Reservoir Area, with obvious location advantages and prominent strategic position. The extensive transport network in Fengdu County helps Chongqing Municipality in consolidating its position as a regional transportation and commercial hub. For instance, Fengdu County is equipped with comprehensive transport infrastructures such as Fufengshi Expressway（涪豐石高速）and Chengdu Yuli Railway（渝利鐵路）.

In terms of mineral resources, Fengdu County has abundant mineral resources. At present, it has discovered various kinds of valuable mineral resources, including natural gas reserves, limestone for cement, pyrite, bauxite and other mineral resources. The Group believes that the abundant resources and convenient transportation will bring significant growth opportunities to the Group's business.

Fengdu County's strong economic growth.

Leveraging the geographical advantages and favourable development policies implemented in the region, the economies of Fengdu County have continued to evolve and grow in recent years. For the year ended 31 December 2022, the GDP of Fengdu County amounted to approximately RMB39.1 billion. Among that, the primary, secondary and tertiary industries achieved added value of approximately RMB5.5 billion, RMB1.6 billion and RMB1.8 billion, respectively, representing approximately 4.3 per cent., 5.4 per cent. and 2.7 per cent. growth rate. The Group believes that the outstanding development of Fengdu County, together with its great development potentials have brought and will continue to bring significant business opportunities to the Group.

Strong support (excluding credit support) from the Fengdu Government and Fengdu SAAC.

As an operating entity controlled by the Fengdu SAAC, the Group has played an important role in the development of Fengdu County, especially in the municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services, land consolidation and development and other businesses in Fengdu County, which are important to the social and economic development in Fengdu County. The Group has a close relationship with the Fengdu Government, as well as the Fengdu SAAC, which are the ultimate beneficiary and sole shareholder, respectively of the Issuer. The Fengdu Government and Fengdu SAAC closely monitor the overall management and operation of the Group. The Fengdu SAAC will also supervise and manage the investment, financing and capital operation of the Issuer.

Due to the Group's significant involvement in Fengdu County, since its establishment, the Group has also been receiving strong support (excluding credit support) from the Fengdu Government and Fengdu SAAC, which includes, among others, capital injection, project contracting and government grants. Certain examples of the support which the Group receives are set out below:

- *Capital injection.* The Group has received strong support (excluding credit support) from its sole shareholder, the Fengdu SAAC, to enhance its financial strength. The Fengdu SAAC has injected capital into the Issuer, allowing the Group to engage in capital-intensive and large-scale projects. See "*Description of the Group – History and Development*" for further information.

- *Project contracting*. The Group has been entrusted by the Fengdu SAAC and the Land Reserve Consolidation Centre（豐都縣土地儲備整治中心）("**Land Reserve Centre**") to engage in business segments that are of significant importance to urban development and community betterment, including municipal infrastructure construction, tourism and cultural infrastructure construction, land consolidation and development and others. See "*Description of the Group – Business Segments*" for further information.

- *Financial support*. The Fengdu Government and Fengdu SAAC also provide financial support to the Group which helps improving project cash-flow and minimising liquidity risk. For the years ended 31 December 2022 and 2023, the Group had received government grants of approximately RMB121.9 million and RMB81.9 million, respectively.

The strong and continued support from the local government and the Fengdu SAAC has greatly enhanced the Group's business stability and competitiveness, therefore, contributed significantly to its future growth.

Access to diverse sources of funding.

The Group has a relatively prudent debt structure and has access to diversified financing channels, such as bank loans and issuance of debt securities, to fund its businesses. Different sources of capital enable the Group to better manage its credit risk by optimising the maturity profile of its outstanding debts and securing low-cost capital if available. As at 31 December 2023, the Group had available credit facilities of approximately RMB3.4 billion in aggregate, of which approximately RMB2.8 billion had not been utilised.

As at 31 December 2023, the total indebtedness of the Group amounted to approximately RMB3,702.4 million. In addition, the Group carefully manages the maturity of its indebtedness to ensure sound liquidity and sustainable funding. As at 31 December 2023, indebtedness due within one year (including short-term loans and non-current liabilities maturing within one year) accounted for approximately RMB294.6 million, representing approximately 8.0 per cent. of the Group's total indebtedness. The Group believes that it will continue to have access to sufficient capital to support its business operations and expansions in the future. The Group believes that its ability to obtain financing has a comparative advantage over competitors with access to only limited funding sources. As such, the Group believes that it has a relatively robust liquidity position with access to diversified funding sources. The Group actively manages its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash flow requirements. The Group's strong financing capability has enabled it to capitalise on various business opportunities for development of its engineering construction business, which is highly capital-intensive.

Crucial importance to the development in Fengdu County of Chongqing Municipality.

Incorporated in 1998, the Group, which is wholly-owned by the Fengdu SAAC, is a primary municipal and tourism operating and financing platform in Fengdu County, Chongqing Municipality, with a focus on engineering construction and tourism services. In particular, with a focus on the engineering construction of Fengdu County, the Group has built its strong market presence, and possessed in-depth experience and understanding of the engineering construction business. Aside from the engineering construction sector, the Group also takes a key role in tourism services in Fengdu County and undertakes a strategic important role in facilitating the overall tourism and cultural industry development in Fengdu County. The Group believes that the outstanding development of Fengdu County, together with its great development potentials have brought and will continue to bring significant business opportunities to the Group.

Experienced management team with support from a dedicated team of staff.

The Group's management team has extensive experience in various businesses which brings together a mix of local and national experience, industry knowledge and complementary skill sets. The Group's management also has strong execution capabilities and keeps itself updated with the advanced management practice of other peer companies. Leveraging their strategic vision and in-depth industry knowledge, the Group's management team is well-positioned to formulate sound business strategies, assess and manage various risks and capture market opportunities in order to continuously contribute to the sustainable growth of the Group.

In addition, the Group's operational teams in all principal business segments are led by professionals with extensive experiences in the operation and management of the relevant industries. Furthermore, the Group's operational teams are supported by a highly skilled and well-trained workforce. Throughout years of operation and management of its various businesses, the Group has been able to maintain effective and efficient management and operational control over its key members. The Group has adopted a commercially driven approach to manage its businesses while leveraging on its established relationships with governmental authorities with a view to maximise its growth potential.

BUSINESS STRATEGIES

The Issuer intends to implement the following business strategies:

Further enhance the Group's core competitive advantage in the engineering construction and tourism business by leveraging on support from the Fengdu County Government.

The Group believes that the existing development plans and policies of the Fengdu County Government will lead to further growth opportunities in the engineering construction and tourism business. By utilising the Group's existing competitive strengths alongside the future planning and development policies of the Fengdu County Government, the Group will continue to seek for business opportunities arising from the social and economic growth in Fengdu County in order to further enhance its core competitive advantages in the municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development businesses in Fengdu County.

Persist with a focus on current principal businesses and the business opportunities arising from the development strategies and economic growth of Fengdu County and Chongqing Municipality.

Taking advantage of the favourable environment brought by the development strategies and economic growth of Fengdu County and Chongqing Municipality, the Group has been, and strives to continue to be, a major platform via which the Fengdu County Government conducts municipal infrastructure construction, tourism and cultural infrastructure construction, tourism services and land consolidation and development in Fengdu County and aims to facilitate the development in Fengdu County. In particular, leveraging on the strong track record of the Group's engineering construction businesses, the Group intends to continue to proactively develop the Group's customer base and expand the coverage of the Group's business networks. Given that the strong support from the Fengdu SAAC and Fengdu County Government, the Issuer believes that the Group is well-positioned to further expand its operations in its engineering construction business and tourism services business and will actively respond to the national strategy and closely focus on development plan of Fengdu County to further optimize and integrate existing and future resources of engineering construction projects and tourism services in Fengdu County.

Continuing to maintain prudent financial management and liquidity position.

The Group will continue to strengthen its financial and cash flow management to support its sustainable business growth. The Issuer intends to continue maintaining a prudent policy on financial management including high liquidity, and enhance the Group's financial strength through the capital and credit markets by tapping into new financing channels and platforms when appropriate. The Group will continue to carefully manage its business portfolio by taking a balanced approach to expand its different business segments taking into account the changes in market and economic conditions. The Group will also continue to improve its internal financial management process and corporate governance standards, while strictly adhering to the principle of prudent financial management, with a particular focus on ensuring that its spending is in line with cash inflows. The prudent financial management and a strong finance function allow the Group to avoid the need to dispose of investment projects at low prices in a market downturn, while enabling the Group to seize business opportunities when they arise and to efficiently acquire attractive projects at reasonable costs.

Continuing to build a professional management team.

The Group's experienced management team has been a key factor in contributing to its success, especially in achieving a leading position in Fengdu County. The Group will continue to build a professional management team with well-qualified and experienced personnel, carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals through the expertise and continuity of the Group's management team.

Strengthen risk management and internal control systems.

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures. For instance, the Group will continue to strengthen its stringent financial management and control system which emphasises centralised management and administration, consistent control policies and compliance with legal and regulatory requirements. The Group will also continue to work on establishing a standardised capital and risk management mechanism to monitor capital, capital efficiency and capital risk prevention. The Group aims to effectively and prudently manage its finances while fulfilling its investment and development needs to drive profitability.

DESCRIPTION OF THE GROUP'S BUSINESS

Engineering Construction

The Group engages in the business of engineering construction. The Group operates its engineering construction business primarily through the Issuer. The Issuer's engineering construction business primarily involves municipal infrastructure construction as well as tourism and cultural infrastructure construction projects in Fengdu County, Chongqing Municipality. As an important investment and financing entity for municipal infrastructure construction and tourism and cultural infrastructure construction in Fengdu County, the Group undertakes construction management of a number of key municipal infrastructure construction and tourism and cultural infrastructure construction projects in

Fengdu County, Chongqing Municipality. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's engineering construction business was RMB639.5 million and RMB374.3 million, respectively, accounting for 96.3 per cent. and 55.9 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

Business Model

The Group's engineering construction business operates through the agency construction model. The Group mainly conducts its engineering construction by entering into the Chongqing Fengdu County Entrusted Construction Framework Agreement (《重慶市豐都縣委託代建框架協議》)(the "**Entrusted Construction Framework Agreement**") with Chongqing Jianfeng Construction Group Co., Ltd. (重慶建豐建設集團有限公司)("**Chongqing Jianfeng**"). Under the agency construction model, the Group carries out the construction of various key engineering construction projects and is in charge of the progress of the projects, including pre-design, construction, settlement, evaluation and others in accordance with the Entrusted Construction Framework Agreement. The Group recognises revenue annually on the basis of the costs incurred plus a certain portion of profits, which is payable by Chongqing Jianfeng under the Entrusted Construction Framework Agreement.

Project Description

The following table sets forth the Group's key engineering construction projects under construction as at 31 December 2023:

No.	**Project Name**	**Estimated Total Investment**	**Estimated Completion Time**
		(RMB in millions)	
1.	Fengdu County Xiangba Tourist Town Cross-location Poverty Alleviation Resettlement Area Infrastructure Construction Project – Area B Trunk Road Heng Yi Road (豐都縣廂壩旅遊集鎮異地扶貧安置區基礎建設工程－B區主幹道橫一路)	96.5	2020
2.	Fengdu County Smart City Construction Project (豐都縣智慧城市建設項目)	228.8	2021
3.	Fengdu County Fairy Lake Town (Lot B-05, B-06, B-07, B-08, B-09, B-12) Resettlement Housing Project (豐都縣仙女湖鎮(B-05、B-06、B-07、B-08、B-09、B-12地塊)安置房屋項目)	490.3	2021
4.	Fengdu County Xiangba Tourist Town Parking Building Project (豐都縣廂壩旅遊集鎮停車大樓工程)	129.8	2021
5.	Xiangba Marketplace Opening and Closing Office and Power Supply Network Upgrading and Renovation Project (廂壩集鎮開閉所及供電管網升級改造項目)	44.0	2021
6.	Chongqing Fengdu County Elderly Nursing Center Project (重慶市豐都縣老年養護中心項目)	123.5	2022
7.	Fengdu County South Bank Tourism Ring Road S420 Jisan Road Jiucaibao to Laoaqian Section of Highway Upgrading and Renovation Project (豐都縣南岸旅遊環線S420暨三路韭菜堡至老鴉阡段公路升級改造工程)	315.7	2021
8.	Fengdu County South Bank Tourism Ring Road S204 Liangpeng Road Dangtou to Jiucaibao Section of Highway Upgrading and Renovation Project (豐都縣南岸旅遊環線S204梁彭路凼頭至韭菜堡段公路升級改造工程)	137.9	2021
	Total	**1,566.5**	–

The following table sets forth the Group's key completed engineering construction projects as at 31 December 2023:

No.	Project Name	Total Investment	Completion Time	Amounts of Recovery
		(RMB in millions)		*(RMB in millions)*
1.	Fengdu County Sanba Xiangba Tourism Town New Rural Poverty Alleviation Development (Phase 1) Program (豐都縣三壩鄉廂壩旅遊集鎮新農村扶貧開發(第一期)計畫)	921.9	2019	1,106.3
2.	Fengdu County Xiangba Tourism Town Phase 2 Municipal Road Project (豐都縣廂壩旅遊集鎮二期市政道路工程)	104.7	2019	125.6
3.	Fengdu County Longhe New Town Binjiang Scenic Zone Construction Project (豐都縣龍河新城濱江景觀帶建設項目)	291.4	2019	459.3
4.	Sanfu Forest Farm Tourist Attraction Construction Project (三撫林場旅遊景點建設項目)	384.0	2022	460.8
5.	Fengdu County Lucichi Tiankeng Wetland Park (豐都縣鸕鷀池天坑濕地公園)	152.2	2023	–
6.	Fengdu County Xiangba Tourist Town Cross-location Poverty Alleviation Resettlement Area Infrastructure Construction Project (豐都縣廂壩旅遊集鎮異地扶貧安置區基礎建設項目)	438.9	2023	5.8
	Total	**2,293.1**	**–**	**2,157.8**

The following table sets forth the Group's key engineering construction projects in pipeline as at 31 December 2023:

No.	Project Name	Estimated Total Investment	Estimated Commencement and Completion Time
		(RMB in millions)	
1.	Fengdu Folk Culture Museum (豐都民俗博物館)	120.0	2023-2026
2.	Two Rivers and Four Banks Waterfront Night Tour Project (兩江四岸濱水夜遊項目)	500.0	2023-2025
3.	The Tang King's Visit to Netherworld Project (唐王遊地府項目)	230.0	2023-2025
4.	Shuangguishan Tourism Service Quality Improvement Project (雙桂山旅遊服務品質提升項目)	170.0	2023-2024
5.	Fengdu Intangible Cultural Heritage Commercial Street (豐都非遺文化商業街)	350.0	2023-2028
6.	South China Sea Creek Ecological Restoration (南海溪生態修復)	300.0	2023-2028
7.	Fengdu County Alpine Beautiful Village Demonstration Point Construction Project (Phase I)(豐都縣高山美麗鄉村示範點建設項目(一期))	627.5	2023-2027
8.	Fengdu County North Coast Area Transportation Facilities Enhancement Project (Phase I)(豐都縣北岸片區交通設施提升項目(一期))	317.4	2024-2026
	Total	**2,614.9**	

Tourism

The Group primarily conducts its tourism service business through its subsidiaries Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd. and Chongqing Fengdu Nantianhu Tourist Scenic Spot Management Co., Ltd. The Group's operating revenue from the tourism service business mainly comes from the sale of tickets for tourist attractions. The Group has participated in the operations of several major tourist attraction projects, including famous tourist attractions located in the North Bank of Yangtze River, Fengdu County, Chongqing, such as, Fengdu Mingshan Scenic Area (豐都名山景區), Yongyou Confucius Temple (擁有孔廟), Luming Temple (鹿鳴寺), Sugong Ancestral Hall (蘇公祠), Huguo Pavilion (護國亭), Liangyuan Pavilion (良緣亭).

For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's tourism business was RMB21.1 million and RMB245.3 million, respectively, accounting for 3.1 per cent. and 36.7 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

Business Model

The Group's tourism service business operates under two models, namely indirect sales model through cooperation with travel agencies and direct sales model to individual tourists. For services provided on a cooperation basis, the Group establishes cooperative relationship with travel agencies, and enters into a contract with travel agencies at the beginning of each year to determine the terms of services, such as the excursion routes and prices. The Group settles payment with travel agencies either through instant payment or on a monthly basis. For services provided directly to individual tourists, the Group mainly sells full-price ticket, half-price tickets or free admission with document verification. Payment is settled by instant payment methods including, cash, WeChat and Alipay.

The following table sets forth certain operational data for the Group's tourism service business as at 31 December 2023:

	For the year ended 31 December	
	2022	**2023**
	(RMB in ten thousands, ten thousands of persons)	
Number of Visitors	63.5	171.4
Revenue	7,302.8	24,532.1

Other Businesses

The Group conducts other businesses including land consolidation, cemetery spaces, rental income and advertising. For the years ended 31 December 2022 and 2023, the operating revenue generated from the Group's other businesses was RMB3.8 million and RMB49.6 million, respectively, accounting for 0.6 per cent. and 7.4 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

Land Consolidation

The Group is one of the key entities responsible for land consolidation in Fengdu County. According to the Notice from Fengdu SAAC on the Transfer of State-owned Assets for Land Improvement Projects in Urban and Township Areas of Fengdu County (《豐都縣國有資產事務中心關於豐都縣城區及鄉鎮區域內土地整治工程計畫國有資產劃轉的通知》), the Group is entrusted by the Land Reserve Centre to carry out land development and consolidation and the Group formulates a plan for land consolidation, development, demolition and relocation. After the Land Reserve Centre approves and accepts the developed land, the developed land is transferred to the Government for tender, auction and sale. The land consolidation fee is usually paid by the Government to the Group after the process of tender, auction and sale of the developed land.

QUALITY, SAFETY AND ENVIRONMENTAL PROTECTION

The Group imposes safety and anti-pollution measures at all stages of its operational process to minimise the possibility of work-related accidents, injuries, occupational illness and environmental contamination. The Group also monitors the safety and environmental protection aspects of its contractors' operations. In addition, the Group provides safety trainings to its employees and has established safety standards for its contractors in relation to matters such as purchasing, installing and operating new equipment, constructing new facilities and improving existing facilities. The Group believes that its safety control systems and environmental protection systems are adequate to comply with applicable national and local regulations. As at the date of this Offering Circular, the Group is not aware of any claims or penalties associated with any material breach of or noncompliance with any safety or environmental laws and regulations.

EMPLOYEES

As at 31 December 2023, the Group had approximately 447 employees. In accordance with the applicable regulations of local governments of the region in which the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund in accordance with applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in accordance with applicable laws and practice customary in the industry. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims.

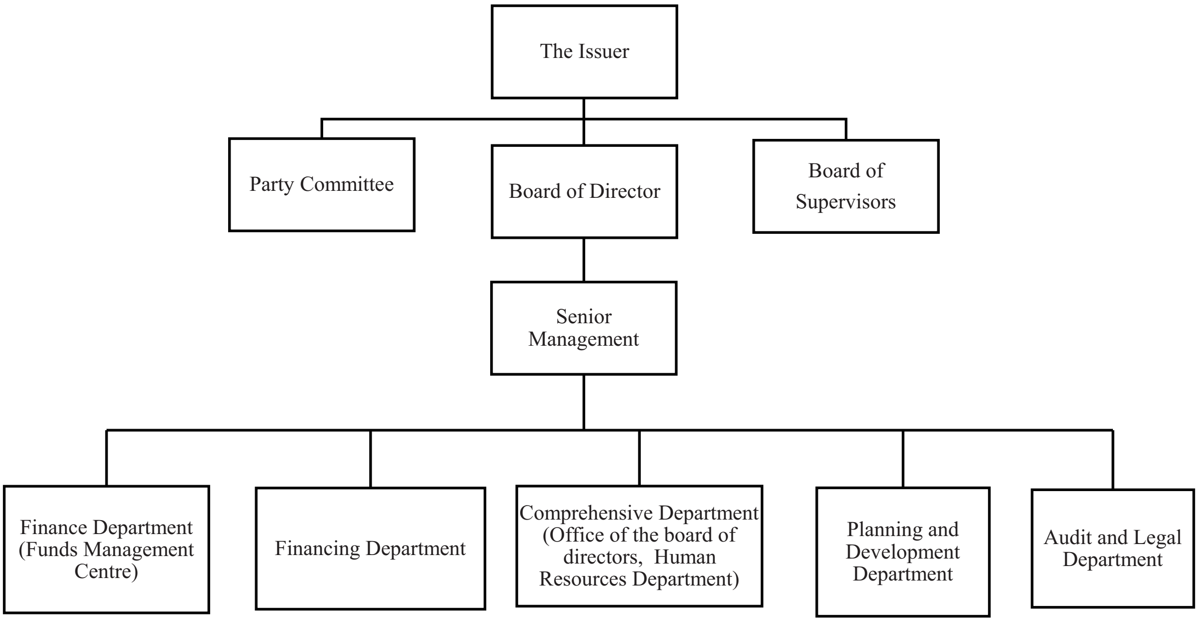
LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

The Group is from time to time involved in disputes, legal proceedings and administrative penalties arising in the ordinary course of its business. To the best of its knowledge, there are no currently existing or pending litigation or arbitration proceedings against the Group or any of its directors or senior management as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition, results of operations and prospects.

ORGANISATION STRUCTURE

The Issuer has established an organisational structure tailored to its business development. As at the date of this Offering Circular, the Issuer has set up a total of five departments, including the finance department (funds management centre), the financing department, the comprehensive department (office of the board of directors, human resources department), the planning and development department and the audit and legal department. With the development of its business, the Issuer has formulated and gradually improved various management systems, covering aspects such as credit enhancement business systems, risk control systems, decision-making systems, and more.

The following chart sets forth the organisational structure of the Issuer:



DIRECTORS

The Issuer's board of directors (the "**Board**") currently consists of four directors.

The following table sets forth the Issuer's directors as at 31 December 2023:

Name	Year of Birth	Position
YOU Tao（游濤）.	1976	Director and General Manager
XIANG Jianbo（向劍波）.	1983	Director
TIAN Tao（田濤）.	1976	Director
JIANG Lingling（蔣玲玲）.	1984	Director

Mr. YOU Tao（游濤）, born in 1976, has been a director and the general manager of the Issuer since June 2022. Mr. You previously served as the deputy general manager, director and chairman of the board of directors of Chongqing Fengdun Investment Development Co., Ltd.（重慶豐敦投資開發有限公司）, director and manager of Fengdu County Industrial Construction Investment Co., Ltd.（豐都縣工業建設投資有限公司）, chairman of the board of directors of Chongqing Fengdu Zhenjiang Fine Chemical Park Development and Construction Co., Ltd.（重慶豐都鎮江精細化工園開發建設有限公司）, director of Fengdu County State-owned Assets Management and Investment Co., Ltd.（豐都縣國有資產經營投資有限公司）and general manager of Fengdu County Urban Construction Assets Management Co., Ltd.（豐都縣城市建設資產經營有限責任公司）.

Mr. XIANG Jianbo（向劍波）, born in 1983, has been a director of the Issuer since March 2022. He also currently serves as the chairman of the board of directors of Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd.（重慶豐都名山旅遊(集團)有限公司）. Mr. Xiang previously served as the deputy director of Sanjian Police Station（三建派出所）of Chongqing Fengdu County Public Security Bureau（重慶市豐都縣公安局）, deputy director and director of Mingshan Police Station（名山派出所）of Chongqing Fengdu County Public Security Bureau, director of Shetan Police Station（社壇派出所）, member of the Party Committee（黨委組織）of Sanyuan Town of Chongqing Fengdu County（重慶市豐都縣三元鎮）, captain of the Chongqing Fengdu County Urban and Rural Construction and Municipal Management Law Enforcement and Supervision Unit（重慶市豐都縣城鄉建設和市政管理執法監察大隊）, head of detachment of Chongqing Fengdu County Urban Management and Comprehensive Administrative Law Enforcement Detachment（重慶市豐都縣城市管理綜合行政執法支隊）, general manager and deputy secretary of the Party General Branch（黨總支部）of Chongqing Fengdu Huanwei Group Co., Ltd.（重慶豐都環衛集團有限公司）.

Mr. TIAN Tao（田濤）, born in 1976, has been a director of the Issuer since June 2022. He also currently serves as the director of the Operation Management Department（運營管理部）of Fengdu County Tourism Development Co., Ltd.（豐都縣旅遊發展有限公司）, deputy manager (in charge) of Chongqing Fengdu Nantianhu Scenic Area Management Co., Ltd.（重慶豐都南天湖旅遊景區管理有限公司）. Mr. Tian previously served as the director of the Scenic Management Department（景區管理部）of Fengdu County Tourism Development Co., Ltd. and deputy manager of Chongqing Fengdu Nantianhu Scenic Area Management Co., Ltd..

Ms. JIANG Lingling（蔣玲玲）, born in 1984, has been a director and vice chairman of the Labour Union（工會）of the Issuer since June 2022. Ms. Jiang previously worked as a staff of the Engineering Department（工程處）of Chongqing Fengdu Zhenjiang Fine Chemical Park Development and Construction Co., Ltd. and section chief of the Comprehensive Department（綜合部）of Chongqing Fengdun Investment Development Co., Ltd..

SUPERVISORS

The board of supervisors of the Issuer currently consists of five supervisors, including one chairman, one employee supervisor and three supervisors.

The table below sets forth certain information regarding supervisors of the Issuer as at 31 December 2023:

Name	Year of Birth	Position
DONG Hongju (董洪舉)	1973	Chairman of the board of Supervisors
WANG Yue (王躍)	1979	Supervisor
ZHOU Zuokui (周作奎)	1981	Supervisor
SUN Haisu (孫海粟)	1988	Supervisor
LIU Jianhui (劉艦徽)	1995	Employee Supervisor

Mr. DONG Hongju (董洪舉), born in 1973, has been the chairman of the board of Supervisors of the Issuer since May 2022. Mr. Dong previously served as the head and chief of the Enterprise Office (企業辦), chief of Economic Development Office (經發辦), member of the Party Organisation Committee (黨委組織), member of the United Front Work Department (統戰委員), vice-chairman of the National People's Congress (全國人民代表大會) of Chongqing Fengdu County Lizi Township (重慶市豐都縣栗子鄉), member of the Party Committee United Front Work Department and vice-chairman of the National People's Congress of Rensha Town (仁沙鎮) of Chongqing Fengdu County Lizi Township, member of the Party Committee, vice-mayor and chairman of the National People's Congress of Chongqing Fengdu Baohe Town (保合鎮), member of the Main Branch of the Party Committee (黨總支部) and chairman of the board of supervisors of Chongqing Fengdu Huanwei Group Co., Ltd..

Mr. WANG Yue (王躍), born in 1979, has been a supervisor of the Issuer since July 2022. Mr. Wang currently also serves as the director of the Comprehensive Department (綜合部) and head of the Department of Party-mass (黨群部) of Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd. (重慶豐都名山旅遊(集團)有限公司). He previously served as a secretary and director of the Marketing Department (營銷部), deputy head of the General Office (辦公室), head of the Party Group Office (黨群辦) and director of the Comprehensive Department of Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd..

Mr. ZHOU Xuokui (周作奎), born in 1981, has been a supervisor of the Issuer since June 2022. Mr. Zhou currently also serves as the deputy manager (in charge) of Chongqing Fengdu Nantianhu Scenic Area Management Co., Ltd.. He previously served as the director of the Industrial Operations Department (產業運營部) and director of the Safety Supervision Department (安全監察部) of Fengdu County Tourism Development Co., Ltd., deputy manager of Chongqing Minghu Real Estate Development Co., Ltd. (重慶名湖房地產開發有限公司), deputy manager of Chongqing Fengdu Nantianhu Scenic Area Management Co., Ltd..

Mr. SUN Haisu (孫海粟), born in 1988, has been a supervisor and staff of the Financing Department (融資部) of the Issuer since June 2022. Mr. Sun previously worked as a staff of Fengdu County Jinsui Agriculture Development Co., Ltd. (豐都縣金穗農業發展有限公司) and a staff of Chongqing Fengdun Investment Development Co., Ltd..

Mr. LIU Jianhui (劉艦徽), born in 1995, has been an employee supervisor and staff of the Planning Department (規劃部) of the Issuer since June 2022. Mr. Xu previously served as a specialist of Chongqing Fengdu County Mingshan Street Baishatuo Community (重慶市豐都縣名山街道白沙沱社區) and staff of Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd..

SENIOR MANAGEMENT

The following table sets forth certain information regarding members of the senior management of the Issuer as at 31 December 2023:

Name	Year of Birth	Position
GU Yuhe (古玉和)	1979	General Manager
ZHANG Xuanhao (張軒豪)	1981	Deputy General Manager
QIN Tao (秦濤)	1979	Deputy General Manager

Mr. GU Yuhe (古玉和), born in 1979, has been the general manager of the Issuer since April 2024. Mr. Gu previously served as the head of the Comprehensive Section (綜合科) and deputy director of Chongqing Fengdu County Tourism Industry Development Service Center (重慶市豐都縣旅遊產業開發服務中心) and the general manager of Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd. (重慶豐都南天湖旅遊集團有限公司).

Mr. ZHANG Xuanhao (張軒豪), born in 1981, has been a deputy general manager of the Issuer since May 2022. Mr. Zhang previously served as a deputy head and head of the General Office, director of the Planning and Developing Department (規劃發展部), director of the Party Group Working Department (黨群工作部) of Fengdu County State-owned Assets Management and Investment Co., Ltd. and deputy general manager of Chongqing Fengdu County Urban Construction Assets Management Co., Ltd. (重慶市豐都縣城市建設資產經營有限公司).

Mr. QIN Tao (秦濤), born in 1973, has been a deputy general manager of the Issuer since May 2022. Mr. Qin previously served as a section chief of the Property Management Division (產權管理科), section chief of the Assessment and Evaluation Management Division (考核統評管理科), section chief and Level III Principal Staff Member of the Party Building Division (黨建科) of Fengdu County State-owned Assets Center (豐都縣國資中心) and deputy general manager of Chongqing Fengdu Port Group Co., Ltd. (重慶豐都港務集團有限公司).

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The Bonds will have the benefit of the Standby Letter of Credit which will be issued by Chongqing Three Gorges Bank Co., Ltd. as the LC Bank.

OVERVIEW

Chongqing Three Gorges Bank Co., Ltd. ("**CQTGB**") was incorporated in 2008 as a key state-owned enterprise in Chongqing, PRC. Since its establishment, CQTGB has always lived up to the mission of building up a "reservoir area-based bank that serves the city of Chongqing". Led by the municipal Party Committee and government and with the support and guidance from authorities and regulators, CQTGB has adhered to the "Just for you" principle. CQTGB serves the local economy, SMEs, and rural and urban residents. As of the end of 2023, CQTGB's total assets was RMB302.0 billion, the balance of all deposit was RMB201.5 billion and the balance of all loans was RMB155.1 billion. CQTGB has 88 outlets that cover all districts and counties of Chongqing. It ranked 425th in the list of "Top 1000 Global Banks in 2023" published by the British financial magazine The Banker and has been ranked among the "Top 100 Chinese Banks" published by the China Banking Association for eight consecutive years.

BUSINESS ACTIVITIES

CQTGB actively practices the political and people-oriented nature of financial work, adhering to the "three positionings" of serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents, focusing on the "three strategies" of double cities, double carbon and double cycle, laid out in the "three areas" of big retail, big data and big industry, committed to building a "research-oriented, innovative, and vitality-oriented" bank, all to vigorously promote the "three tasks" of serving the real economy, preventing and monitoring future financial risks, and deepening financial reforms. CQTGB have maintained a steady trend of business development and effectively promoted bank reform, in order to maintain steady growth and operations. CQTGB has effectively promoted the banking reform and completed equity optimization by successfully introducing four strategic investors from key municipal state-owned enterprises. The state-owned shareholding ratio exceeded 70%, and the strength of shareholders increased significantly. In terms of supporting the real economy, CQTGB supports the construction of Chengdu Chongqing Economic Circle ("**CCEC**"), the New Western Land-Sea Corridor, and the digitalization of Chongqing, aiding the economic and social development of the Chongqing three gorges reservoir area (the "**Reservoir Area**") and supporting industrial transformation and upgrading, as well as supporting the development of private small and micro enterprises. In terms of serving social development, CQTGB supports rural revitalization, strives to improve service quality, and ensure people's likelihood and wellbeing, thereby strongly improving the team building.

CQTGB has been awarded several honours and awards throughout the years, among which, it was ranked 425th in the list of "Top 1000 Global Banks in 2023" published by the British financial magazine The Banker and has been ranked among the "Top 100 Chinese Banks in 2022" published by the China Banking Association for 8 consecutive years. CQTGB also won the "National May Day

Labour Award", "Chongqing May Day Labour Award", "Top Ten Commercial Banks in Supporting the Development of SMEs", "Excellent Bank in Financial Technology" and other honours. CQTGB has become increasingly more competitive and influential.

GENERAL INFORMATION

CQTGB's registered office is located at No. 3 Baiyan Road, Wanzhou District, Chongqing, PRC. CQTGB's website address is: http://www.ccqtgb.com. Information contained on CQTGB's website may change from time to time and does not form part of this Offering Circular. No representation or warranty, express or implied, is made by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 the website of CQTGB at http://www.ccqtgb.com.

Copies of the latest annual reports of CQTGB, as well as its public filings, can be downloaded free of charge from the website of CQTGB on the internet at http://www.ccqtgb.com. Information contained in such filings does not form part of this Offering Circular.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted by the NPC.

The State Council is the highest organ of the State administration. Within the scope authorised by the NPC or its Standing Committee, the State Council has the power to enact administrative rules and regulations except for the affairs concerning criminal offences and related punishment, mandatory measures and penalties involving deprivation of political right from any citizen or restriction on personal freedom, and the judicial system. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court and the Supreme People's Procuratorate, in addition to their power to give general interpretation on the application of laws in judicial proceedings, also have the power to interpret specific cases. The interpretation made by the Supreme People's Court and the Supreme People's Procuratorate on the application of laws in the judicial or procuratorial work, shall be filed for record with the Standing Committee of the NPC within 30 days of promulgation. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level or the corresponding the people's procuratorates at various level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017, 24 December 2021 and 1 September 2023, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the district, municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated the "Regulations for the Control of Foreign Exchange of the PRC" ("**Control of Foreign Exchange Regulations**") which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Control of Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and came into effect on 5 August 2008 (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, PBOC promulgated the "Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange" (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, PBOC and SAFE promulgated the "Notice Concerning the Discontinuance of Foreign Exchange Swap Business" pursuant to which and with effect from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar only. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate for the last trading date. It is possible that the PRC Government could adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of Renminbi against the U.S. dollar or any other foreign currency. Any future exchange rate volatility relating to Renminbi or any significant revaluation of Renminbi may materially and adversely affect the Group' cash flows, revenue, earnings and financial position, as well as the value of any distributions payable to the Issuer by its PRC subsidiaries.

REGULATION ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds.

On 21 September 2014, the State Council released Circular 43. In accordance with Circular 43, financing platform companies shall no longer function as a financing vehicle of the local government or incur new government debts. New public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as the construction of a non-toll free highway, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Such private investors and special purpose companies shall invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the local government shall not be liable for any of the private investors' or the special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

On 23 October 2014, the MOF promulgated Circular 351 based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of the financing platforms of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts. On 9 November 2016, the MOF promulgated Circular 154 and Circular 155 which aim to realise the monitoring of the entire process of borrowing, using and repaying local governments debts, enhance the transparency of local government debts, and strengthen the supervision of local government debt management by central government. Circular 154 and Circular 155 clarify the upper limit of local government debt, budget preparation and approval process, and provide that debts that are not in the form of government bonds shall be included in budget management.

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

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

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

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

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

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

Circular 23 came into effect on 28 March 2018. It aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the new Budget Law of the PRC (the "**New Budget Law**"), Circular 43 and other requirements, except for purchase of local government debts; (ii) while providing financing for state-owned enterprises, financing platforms of local government or PPP projects of local construction, state-owned financial enterprises shall, under the "penetration principle," ensure that the source of financing entities' capital funds is lawful and compliant, and the financing projects satisfy the requirements for the proportion of capital funds; (iii) state-owned financial enterprises are obligated to evaluate the financial capabilities of fundraisers and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platform of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the fundraisers involve fiscal funds, state-owned financial enterprises shall carry out due- diligence investigations, and carefully verify the compliance of the arrangement to offer fiscal funds; (iv) documents such as bond prospectuses shall not disclose information that can implicitly or explicitly indicate any credit support from the government, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credibility.

On 11 May 2018, Circular 706 was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to include public interest assets in corporate assets. In particular, according to Circular 706, any enterprise that intends to borrow medium and long-term foreign debts is prohibited to include public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, not-charged pipe network facilities and other public assets and the use right of reserve land in enterprise assets. Circular 706 also reaffirms that any bond prospectuses shall not disclose information that can implicitly or explicitly indicate any credit support from the government, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credibility.

On 13 September 2018, the Guiding Opinions was promulgated by the General Office of the CPC Central Committee and the General Office of the State Council and become effective on the same date. Pursuant to the Guiding Opinions, the average debt ratio of state-owned enterprises shall decrease by approximately 2 percentage points starting from the end of 2017 and by the end of 2020, and thereupon the debt ratio of state-owned enterprises shall be maintained basically at the average level of enterprises of the same size in the same industry. The Guiding Opinions also set forth the basic principles and indicating standards of constraining the debt ratio of state-owned enterprises.

REGULATION ON THE ISSUANCE OF FOREIGN BONDS

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations Filings and Registrations(國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the "**NDRC Circular**"), which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time. On 5 January 2023, the NDRC promulgated the Order 56, which has come into effect on 10 February 2023. The NDRC Circular was repealed upon the implementation of the Order 56. Compared with the NDRC Circular, the major changes in Order 56 include:

(i) covering both direct borrowing by PRC enterprise, non-PRC enterprise and branch controlled by a PRC enterprise and indirect borrowing by any PRC enterprise;

(ii) expanding the scope of debt instruments on the basis of NDRC Circular, and clarifies that debt instruments include but not limited to senior bonds, perpetual bonds, capital debentures, medium-term notes, convertible bonds, exchangeable bonds, financial leasing and commercial loans;

(iii) setting up prohibitive usages of foreign debts, and use of proceeds under foreign debts shall not (a) violate any PRC laws and regulations; (b) threaten or be detrimental to the national interests, economic, information and data security of the PRC; (c) contravene the goal of the PRC's macroeconomic regulation and control; (d) contravene the PRC's development and industrial policies; (e) increase local government's hidden debts; or (f) be used for speculative purposes or (except for banking/financial institutions) be lent to others (other than any circumstance which has been stated in the application materials and approved);

(iv) introducing criminal compliance requirements on the condition of enterprises for borrowing foreign debts. Each controlling shareholder and de facto controlling person of an enterprise is required to not have any criminal records relating to corruption, bribery, embezzlement or misappropriation of assets or other criminal offences that may impede the order of the socialist market economy, and not be the subject of lawful investigation for criminal offences or breach of major laws or regulations, in each case, within the past 3 years;

(v) adopting the examination and registration regime to replace the filing and registration regime implemented under NDRC Circular. Such change means that applications for approval of medium and long-term foreign debt may be subject to substantive exam and strengthened oversight by PRC government authorities;

(vi) clarifying the penalties and legal liability of non-compliant enterprises, relevant intermediaries, and responsible persons; broadening the scope of responsibility of responsible persons; and increasing the legal consequences for non-compliant entities;

(vii) raising the bar on risk prevention and control of foreign debt of enterprises. NDRC requires information on risk prevention and control measures to be included in the application for a NDRC Certificate, and also introduces a reporting obligation on any material circumstance which may affect the enterprise's ability to repay its debt, so as to strengthen prevention and supervision of risk of default on foreign debt; and

(viii) increasing the filing procedure after issuance. PRC enterprise shall submit the corresponding information on issuing foreign debts within 10 PRC working days upon the expiration of the NDRC certificate, and the Issuer is also required to complete periodic filling of requisite information including use of proceeds, plan and arrangement of payment of interest and principal and the Issuer's financial indicators etc. within 5 PRC working days prior to the end of January and July each year. In case of any material circumstance that may affect the normal performance of debt obligations, such as debt repayment risk or significant asset restructuring, PRC enterprise shall submit relevant information and take measures for isolation of risks.

REGULATIONS REGARDING OVERSEAS INVESTMENT AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the "*Administrative Measures for the Overseas Investment by Enterprises*"(《企業境外投資管理辦法》)("**NDRC Overseas Investment Measures**") effective from 1 March 2018 and replacing "*Measures for the Administration of Approval and Filing of Overseas Investment Projects*"(《境外投資專案核准和備案管理辦法》), the approval administration and filing administration shall be respectively applied to different overseas investment projects, among which, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby, the approval authority is NDRC; projects subject to filing are non-sensitive projects (refer to the projects irrelevant to sensitive countries or regions, and irrelevant to sensitive industries) directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) NDRC, if the investor is a centrally administered enterprise（"中央管理企業"）(a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ(國務院或國務院所屬機構直接管理的企業)); (ii) NDRC, if the investor is a local enterprise（"地方企業"） and the amount of Chinese investment is USD0.3 billion or above; and (iii) the provincial development and reform authority（"省級政府發展改革部門"） at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD0.3 billion.

The sensitive projects referred to in the NDRC Overseas Investment Measures include:

- Projects involving sensitive countries and regions; and
- Projects involving sensitive industries.

The sensitive countries and regions referred to in the NDRC Overseas Investment Measures include:

- Countries and regions that have not yet established diplomatic relations with PRC;
- Countries and regions where wars and civil strife occur;
- Countries and regions where investment made by enterprises shall be restricted according to the international treaties and protocols concluded or acceded by PRC; and

- Other sensitive countries and regions.

The sensitive industries referred to in the NDRC Overseas Investment Measures include:

- Research, production, maintenance and repair of military equipment;
- Development and utilisation of cross-border water resources;
- News media;
- Industries for which outbound investments by enterprises shall be restricted according to PRC laws, regulations and related regulatory policies.

The category of sensitive industries shall be released by NDRC.

According to the Notice of the National Development and Reform Commission on Issuing the Catalogue of Sensitive Industries for Outbound Investment (Fa Gai Wai Zi [2018] No. 251) (Edition 2018)(《國家發展改革委關於發佈〈境外投資敏感行業目錄(2018年版)〉的通知》), effective from 1 March 2018, the industries are restricted from making outbound investment under the "Guiding Opinions of the Ministry of Commerce of the PRC, NDRC, PBOC and the Ministry of Foreign Affairs on Further Orienting and Regulating Outbound Investment" forwarded by the General Office of the State Council (Guo Ban Fa [2017] No. 74)(《國務院辦公廳轉發國家發展改革委、商務部、人民銀行、外交部〈關於進一步引導和規範境外投資方向指導意見〉的通知》)(the "**Guiding Opinion**") issued on 4 August 2017 are:

- real estate;
- hotel;
- cinema(影城);
- entertainment;
- sports club; and
- setting up equity investment funds or investment platforms abroad without specific industrial projects.

The outbound investments made by domestic natural persons through overseas enterprises under their control or enterprises located in Hong Kong SAR and/or the Macao SAR and/or Taiwan regions of China shall implement the NDRC Overseas Investment Measures by reference.

The NDRC Overseas Investment Measures are not applicable to direct outbound investments or direct investments in Hong Kong SAR and/or the Macao SAR and/or Taiwan regions of China conducted by domestic natural persons.

The Guiding Opinion classifies outbound investment into three groups: encouraged, restricted, and prohibited. The Guiding Opinion further provides that the government will support enterprises to actively engage in outbound investment projects which promote the "One Belt, One Road" strategy; deepen cooperation in international production capacity; promote the transfer of quality domestic production capacity, equipment, and applicable technologies overseas; enhance China's technology R&D, production, and manufacturing capacity; help resolve the country's energy shortage problems; and promote industrial upgrade.

Under the Guiding Opinion, the encouraged group includes:

- Projects that promote outbound investment in construction in the areas covered under the "One Belt One Road" initiative, and basic infrastructure construction in the surrounding areas.

- Projects that steadily promote outbound investment that can facilitate the transfer of quality domestic production capacity, equipment, and applicable technology standards overseas.

- Projects that enhance investment cooperation with overseas high-tech and advanced manufacturing enterprises, and encourage domestic companies to set up R&D centres overseas.

- Projects that encourage domestic companies to actively participate in the exploration and development of oil, gas, and mineral projects overseas on the condition that a prudent assessment of economic benefits and interests has been conducted.

- Projects involving cooperation in agriculture.

The government will promote outbound investment in trade and commerce, and culture and logistics, and support qualified financial institutions to establish branches and service networks overseas to carry out business lawfully.

The groups subject to restrictions include:

- Outbound projects in sensitive countries and regions that have no diplomatic relations with China; are currently at war with it; or have restrictions imposed in bilateral or multilateral agreements or conventions with China.

- Real estate, hotel, cinema, entertainment, and sports clubs.

- A stock investment fund or investment platform that does not invest in any real business overseas.

- Adopting technology standards that fall short of the required standards in the host country to manufacture production equipment.

- Failure to comply with the environmental protect, energy consumption or safety standards of the host country.

- Investments falling into the first three areas listed above shall be subject to verification and approval by NDRC and other competent authorities in charge of outbound investment.

The prohibited category includes:

- Projects involving the export of core military technologies and products without the approval of the Chinese government.

- Projects involving the use of technologies, techniques, or products that are prohibited for exports.

- Projects involving gambling or pornography.

- Projects involving breach of international conventions which China is a signatory to.

- Other outbound investment projects that may endanger or potentially endanger national security.

Also, further measures will be taken to improve guidance on different types of outbound investments, including:

- Further raising government service levels to support outbound investment – such as in taxation, foreign exchange, insurance, customs, and information areas.
- Providing guidance and timely alerts to domestic enterprises on their intended investment in the restricted areas overseas.
- Imposing substantial control and regulation to prevent outbound investments in prohibited areas.

MOFCOM Supervision

MOFCOM issued the new version of the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the "**New Overseas Investment Rules**"). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after soliciting written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a Central Enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise's application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a Central Enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form. The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China"("**中國**" or "**中華**") in its name, unless otherwise approved.

In order to strengthen the administration of the reporting for filing (approval) of outbound investments, establish a sound mechanism of unified information collection and sharing among authorities, effectively prevent risks and promote the healthy and orderly development of outbound investments, the MOFCOM, the PBOC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking Regulatory Commission, the China Securities Regulatory Commission, the China Insurance Regulatory Commission and the SAFE have formulated the Provisional Measures on the Reporting for Filing (Approval) of Outbound Investments (《對外投資備案(核准)報告暫行辦法》), effective from 18 January 2018, the reporting of outbound investments subject to record-filing or approval shall be a work of collaboration among the authorities, with each performing their respective responsibilities under a management model characterised by classification and hierarchical management, centralised management of information, and joint disciplinary actions against violations. The MOFCOM shall take the lead in the centralised collection of the information reported on outbound investments subject to record-filing or approval. Commerce, finance, and state-owned assets supervision and administration authorities shall, according to their respective functions, perform the work relating to the reporting of outbound investments subject to record-filing or approval by domestic investors under the law and according to the principle of "horizontal collaboration and vertical coordination, and form a joint regulatory force"("橫向協作、縱向聯動").

The authorities concerned shall supervise the outbound investments under their administration, with focus on the following aspects:

- outbound investments with an amount of PRC contributions equivalent to USD300 million or above;
- outbound investments made in a sensitive country (region) or a sensitive industry;
- outbound investments with major operation losses;
- outbound investments encountering a major safety incident or mass incident;
- outbound investments where there is any serious irregularity; and
- other major outbound investments.

A domestic investor shall report information on the key stages of its outbound investment on a regular basis to the relevant authority that previously processed the record-filing or approval for the same investment according to the principle that "any item that has been filed or approved must be reported".

Foreign Exchange Administration

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment on 13 February 2015, abolishing the verification and approval of foreign exchange registration of overseas direct investment. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by Central Enterprises and their subsidiaries at all levels are involved in contribution with nonmonetary assets, they shall retain a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or valuate subject matters, and the evaluation items or valuation results shall be submitted to State-owned Asset Supervision and Administration Commission of the State Council ("**SASAC**") for record-filing or approval.

If the domestic enterprise is a Central Enterprise, it shall establish and perform investment decision-making procedures and management control system, shall establish and improve administration systems and submitted to the SASAC for record-filing, and shall establish annual investment plan and submit it SASAC and make a copy of the project approval documents to SASAC.

Overseas enterprises which have completed overseas registration shall make state-owned assets ownership registration with SASAC.

RECORD-FILING AND REGISTRATION

Order 56 relates to the matters as listed below:

- enterprises shall, prior to the borrowing of foreign debts, obtain the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises (hereinafter referred to as the "Certificate of Examination and Registration" in short) and complete the formalities of examination and registration. Those that have not completed examination and registration formalities are not allowed to borrow foreign debts;

- the application report shall cover the following main particulars: (I) Basic information, existing foreign debts and compliance of the enterprise; (II) Analysis of the necessity, feasibility, economy and financial sustainability of the borrowing of foreign debts; (III) Plan for borrowing foreign debts, including the currency, size, interest rate and maturity of foreign debts, types of debt instruments, guarantee or other credit enhancement measures, purpose of the funds raised, contra flow and work plan for borrowing foreign debts; (IV) Plan for repayment of the principal and interest of foreign debts and risk prevention measures; and (V) Letter of commitment for the authenticity of the borrowing of foreign debts by the enterprise. The sample text and the list of appendices of the application report will be issued by the examination and registration authority;

- where the application report and appendices are incomplete, fail to comply with the stipulated format or do not fall under the scope of administration of the examination and registration authority, the examination and registration authorities shall notify the enterprise in a one-off manner 5 within five working days from receipt of the application materials. Where the notification is not made within the stipulated period, the application shall be deemed accepted on the date of receipt of the application materials. The examination and registration authorities shall, within three months from the date of acceptance, issue a Certificate of Examination and Registration for an application for examination and registration which complies with the provisions, or issue a written notice on non-examination and non-registration, with the reason for non-examination and non-registration stated;

- enterprises shall, within 10 working days after each borrowing of foreign debts, submit the information on borrowing of foreign debts to the examination and registration authorities through the Network System, including their major business indicators and information on borrowing of foreign debts. Within 10 working days upon the expiration of the Certificate of Examination and Registration, they shall submit the corresponding information on borrowing of foreign debts;

- enterprises shall, within the first five working days of the end of January and July each year, submit to the examination and registration authorities through the Network System the information on utilization of funds raised from foreign debts, repayment of principal and interest, planned arrangements and major business indicators. For any major event that may affect the normal performance of debt obligations, such as overseas and domestic debt repayment risk or significant assets restructuring, enterprises shall timely submit relevant information and take measures for isolation of risks to prevent spillover of default risks and cross default risks of domestic bonds;

- with regard to any enterprise borrowing foreign debts in violation of these Measures, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on the enterprise concerned and its principal responsible person, etc. Where there is any concealment, false record, misleading statement or material omission in the application materials and information disclosed by an enterprise, the examination and registration authorities shall give warnings to the enterprise concerned and its principal responsible person. Where an enterprise obtains the Certificate of Examination and Registration by concealment, deception, bribery or other improper means, the examination and registration authorities shall revoke the Certificate. Where an enterprise fails to report relevant information in accordance with Article 24 or Article 26 of Order 56, the examination and registration authorities shall order it to make corrections within a prescribed time limit; if the circumstances are serious or corrections are not made within the prescribed time limit, the enterprise concerned and its principal responsible person shall be given warnings.

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

On 12 January 2017, the PBOC issued the Cross Border Financing Circular, which came into effect on the same date, and amended on 11 March 2020. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

EIT LAW

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the PRC were generally subject to a 33 per cent. EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period no less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years ("**two-year exemption and three-year reduction by half**").

On 16 March 2007, the NPC enacted the EIT law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008. The new EIT law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies, or Circular 39. Further, as at 1 January 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of EIT and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the new EIT law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

The EIT law was amended on 24 February 2017 and 29 December 2018, the major revision is that the portion of expenditure on public welfare donations that exceeds 12 per cent. of the total annual profits of enterprises will be allowed to be deducted from the taxable income amount within three years after being carried forward.

After the implementation of the new EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. Pursuant to the "*Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy*", effective from 1 January 2011, the enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority. On 23 April 2020, the Ministry of Finance, the State Taxation Administration and NDRC issued the "*Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development*"(《關於延續西部大開發企業所得稅政策的公告》), effective from 1 January 2021 to 31 December 2030, the enterprise income tax will be levied at a reduced rate of 15 per cent. on enterprises engaged in the encouraged industries in the western regions. The provisions on the enterprise income tax policy set forth in the "*Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy*" (Cai Shui [2011] No. 58) and the Circular of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on Issues Related to the Implementation of Tax Policy for Great Western Development in Ganzhou City (Cai Shui [2013] No. 4) shall become invalid from 1 January 2021.

VALUE ADDED TAX ("VAT")

Under the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》)(Caishui [2016] No. 36) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC ("**SAT**") on 23 March 2016, (a) business tax has been completely replaced by value-added tax in PRC from 1 May 2016; (b) value-added tax is applicable where entities or individuals provide taxable services related to value-added tax within the PRC; (c) the services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC; (d) the services which are subject to value-added tax include the provision of financial services which refers 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; (e) "loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon; (f) among others, the interest (principle-guaranteed gains, remunerations, fund occupation fees and compensations, which refer to investment returns whose principal can be fully recovered upon maturity as explicitly committed under the relevant contract) obtained during the holding period (including upon maturity) of financial products shall be treated as interest income related to loan processing and thus shall be subject to value-added tax while such gains, remunerations, fund occupation fees and compensations obtained during the holding period (including upon maturity) of financial products shall not be treated as interest income or income in the nature of interest related to loan processing if their principal is not guaranteed and shall thus not be subject to value-added tax; and (g) the applicable value-added tax rate for provision of financial services is 6 per cent.

According to the Tentative Regulations on the Value-added Tax of the PRC which was revised by the State Council on 10 November 2008 and came into effect on 1 January 2009, and further revised by the "Decision of the State Council on Amending Certain Administrative Regulations" promulgated by the State Council on 6 February 2016, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent. or 13 per cent., depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent.

On 30 October 2017, the State Council of PRC adopted "*the Decision of the State Council on Abolishing the Interim Regulations of the People's Republic of China on Business Tax and Amending the Interim Value-Added Tax Regulations of the People's Republic of China*"(《關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》), effective from 19 November 2017. Entities and individuals selling goods, providing labour services of processing, repairs, or maintenance (hereinafter referred to as the "**labour services**"), or selling services, intangible assets, or real property in China, or importing goods to China, shall be identified as taxpayers of value-added tax, and shall pay value-added tax under the Interim Value-Added Tax Regulations of the People's Republic of China (Revised in 2017) ("**NEW VAT Regulations**"). Under the NEW VAT Regulations, (a) taxpayers that sell goods, labour services or tangible personal property leasing services or import goods and do not fall within the scope as specified in item 2, item 4 and item 5 of NEW VAT Regulations Article 2 shall be subject to a 17 per cent. tax rate; (b) taxpayers that sell transport services, postal services, basic telecommunications services, construction services, or real property leasing services, sell real property, transfer the land use right, or sell or import the goods listed below shall be subject to a 11 per cent. tax rate; (c) taxpayers that sell services or intangible assets and do not fall within the scope as specified in item 1, item 2 and item 5 of this Article shall be subject to a 6 per cent. tax rate; (d) taxpayers who export goods are subject to a zero tax rate, unless otherwise specified by the State Council; (e) domestic entities and individuals that sell services or intangible assets under the scope specified by the State Council across borders are subject to a zero tax rate; (f) small-scale taxpayers shall be subject to the 3 per cent. value-added tax rate, unless otherwise stipulated by the State Council.

FOREIGN EXCHANGE ADMINISTRATION

According to Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

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

On 12 January 2017, the PBOC issued the Circular of the People's Bank of China on Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》)(the "**Cross Border Financing Circular**"), which came into effect on the same date. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

BIDDING AND TENDERING MANAGEMENT

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (《中華人民共和國招標投標法》) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000, and revised on 27 December 2017. Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, and amended on 01 March 2017,19 March 2018 and 2 March 2019. Measures for the Construction Bidding and Tendering of Construction Projects (《工程建設項目施工招標投標辦法》) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, and amended on 11 March 2013. Administrative Measures for the Bidding and Tendering of Design of Construction Projects (《建設工程設計招標投標管理辦法》) issued by Ministry of Housing and Urban-Rural Development (住房和城鄉建設部, "**MOHUD**") on 24 January 2017 and became effective on May 1, 2017. Provisions for Engineering Projects Compulsorily Subject to the Bidding Process (《必須招標的工程項目規定》) issued by NDRC on 27 March 2018 and became effective on the 01 June 2018, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) issued by MOC on 1 June 2001 and became effective on the same date, and amended on 28 September 2018 and 13 March 2019, and Administrative Measures for the Bidding and Tendering of Highway Construction Projects (《公路工程建設專案招標投標管理辦法》) promulgated by Ministry of Transport on 08 December 2015 which became effective on 1 February 2016.

In accordance with the Bidding and Tendering Law of the People's Republic of China, certain types of projects shall go through bidding processes during phases, including project survey, design, construction, supervision and procurement of the essential equipment and materials relating to the project construction. Such projects include the projects related to social public interests and public security, including large infrastructure and utilities; projects invested by using state-owned fund or financed by the government in whole or in part; and projects using loans or aid funds of international organisations or foreign government, provided that their procurement of survey, design or construction services, or important equipment and materials relating to engineering construction, meets any of the following standards: (a) the imputed price of a single contract for a particular service in the construction is over RMB4 million; (b) for the procurement of important equipment, materials or other goods, the single contract for each procurement is estimated to be over RMB2 million; and (c) For the procurement of survey, design or supervision services, the single contract for each procurement is established to be over RMB1 million.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principle of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting, and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner. The tenderee and the successful bidder shall, within 30 days from the date the notification is sent out, sign a written contract based on bid invitation documents and the bid documents of the successful bidder. They shall not conclude any other agreement contrary to the substantive matters of the above contract.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects(最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2021, if (a) the contractor fails to obtain the construction enterprise qualification or acts exceeding the qualification level; (b) the actual constructor without qualification acts in the name of any construction enterprise with such qualification; or (c) any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, (d) any construction project contract concluded by a contractor with another person for subcontracting a construction project in whole or illegal subcontracting a construction project in part; the construction contract for building projects shall identified as null and void in accordance with PRC Civil Code.

QUALITY MANAGEMENT

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China(《中華人民共和國建築法》) issued by Standing Committee of the National People's Congress(全國人民代表大會常務委員會) on 1 November 1997 and became effective on 1 March 1998, and amended on 22 April 2011 and 23 April 2019, Regulation on Quality Management of Construction Engineering(《建設工程質量管理條例》) issued by the State Council on 30 January 2000 and became effective on the same date, and amended on 7 October 2017 and 23 April 2019. Administrative Measures for Quality Management of Construction Project Survey(《建設工程勘察質量管理辦法》) amended by MOC on 22 November 2007 and April 1, 2021 and became effective on the same date, Administration Measures of Quality Warranty Funds of Construction Projects(《建設工程質量保證金管理辦法》) issued jointly by MOHUD and MOF on 20 June 2017 and became effective on 01 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects(《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects(《房屋建築工程質量保修辦法》) issued by MOC on 30 June 2000 and became effective on the same date, Provisions on the administration of Port Engineering Construction(《港口工程建設管理規定》) promulgated by MOT on 15 January 2018 which became effective on 1 March 2018 and amended on 28 November 2018 and 28 November 2019, Measures for Completion (Delivery) Acceptance of Highway Works(《公路工程竣(交)工驗收辦法》) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 1 May 2010.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The construction administrative department of the State Council shall supervise and administer the quality of construction engineering throughout the country in a centralised manner. The departments of railways, communications, and water resources as well as other relevant departments of the State Council shall, according to their respective duties and functions as specified by the State

Council, be responsible for supervising and administering the quality of the relevant special construction engineering of the whole country. The construction administrative departments of local people's governments at the county level or above shall, supervise and administer the quality of the construction engineering within their respective administrative area. The departments of communications and water resources as well as other relevant departments of local people's governments at the county level or above shall, within their respective duties and functions, be responsible for supervising and administering the quality of the special construction engineering within their respective administrative area.

ENVIRONMENTAL PROTECTION MANAGEMENT

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003, and amended on 02 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) issued by State Council on 29 November 1998 and became effective on the same date, then amended on 1 October 2017 and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (《建設項目竣工環境保護驗收暫行辦法》) promulgated by Ministry of Environmental Protection (環境保護部) on 20 November 2017 which became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

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

Air Pollution

The Air Pollution Prevention Law (《大氣污染防治法》), promulgated on 5 September 1987 by the Standing Committee of the National People's Congress which became effective on 1 June 1988, and as amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018, establishes the legal framework for air pollution prevention in the PRC. The competent authority for ecological environment of the State Council (國務院生態環境主管部門) formulates national standards for atmospheric environment quality. Each of the local government is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation. The competent authority for ecological environment under the State Council shall formulate monitoring and evaluation regulations on atmospheric environment quality and atmospheric pollution sources, organise the construction and management of the national atmospheric environment quality and the atmospheric pollution sources monitoring networks, organise the monitoring of atmospheric environment quality and atmospheric pollution sources, and uniformly release information on national atmospheric environment quality. The competent authorities for ecological environment under the local people's governments at or above the county level shall organise the construction and management of atmospheric environment quality and atmospheric pollution sources monitoring networks within their respective jurisdictions, conduct the monitoring of atmospheric environment quality and atmospheric pollution sources, and uniformly release the information on atmospheric environment quality conditions within their respective jurisdictions.

Water Pollution

The Water Pollution Prevention Law (《水污染防治法》), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and as amended on 15 March 1996, 28 February 2008 and 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards, the people's governments of provinces, autonomous regions and municipalities directly under the Central Government may establish their own local standards for the items that are not specified in the national standards for water environment quality and report the same to the competent environmental protection authorities under the State Council for the record. The enterprises, public institutions or other manufacturers and operators which are permitted to directly or indirectly discharge industrial effluent, medical sewage and other waste water or sewage to water bodies provided that a pollutant discharge licence is obtained as required shall secure a pollutant discharge licence; the operators of urban sewage centralised treatment facilities shall also obtain a pollutant discharge licence. It is forbidden to (a) discharge any oil, acid or alkaline solutions or deadly toxic liquid waste; (b) discharge or dump radioactive solid wastes or waste water containing any high-or medium-level radioactive substances; (c) industry waste residues, urban and town refuse or other wastes; (d) discharge or dump into any water body or directly bury deadly toxic soluble slag, tailings, etc. containing such substances as mercury, cadmium, arsenic, chromium, lead, cyanide and yellow phosphorus; into any water body. The operators of urban sewage centralised treatment facilities shall provide sewage dischargers with paid services for sewage treatment, collect sewage treatment fees, and ensure the normal operation of centralised sewage treatment facilities in accordance with the relevant provisions of the state. The sewage treatment fees collected shall be used for the purpose of the construction and operation of urban sewage centralised treatment facilities and sludge treatment and disposal rather than misappropriation. Enterprises that discharge waste into water shall pay a treatment fee and comply with all relevant laws and regulations.

Noise Pollution

The Noise Pollution Prevention and Control Law (《噪聲污染防治法》), promulgated by the Standing Committee of the National People's Congress on 23 December 2021, which became effective on 5 June 2022. Under the Noise Pollution Prevention and Control Law, the facilities for the prevention and control of noise pollution of a construction project shall be designed, constructed and put into production or use simultaneously with the main part of the project. Before a construction project is put into production or use, a project owner shall, according to the provisions of the relevant laws and regulations, conduct acceptance inspection over the supporting facilities for the prevention and control of noise pollution, work out the acceptance report and make public. If the facilities are not accepted or fail to pass the acceptance inspection, the construction project shall not be put into production or use. A project owner shall include the expenses for prevention and control of noise pollution in the project cost according to the provisions and specify the responsibility of the construction entity for prevention and control of noise pollution in the construction contract. The construction entity shall, according to the provisions, formulate an implementation plan for prevention and control of noise pollution and take effective measures to reduce vibration and noise. The project owner shall supervise the construction entity in implementing the implementation plan for prevention and control of noise pollution. In areas where noise-sensitive structures are concentrated, noise-producing construction operations are prohibited at night, except for rush repairs, emergency rescue operations and construction operations that must be continued due to the requirements of production techniques or other special needs. Where construction operations must be continued due to special needs, a certificate issued by the competent departments of housing and urban-rural development and ecology and environment under the local people's government or the department designated by the local people's government shall be obtained, and such certificate shall be displayed at a prominent place of the construction site or announced to the residents nearby by other means.

Construction Projects

The Environmental Impact Appraisal Law (《環境影響評價法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003, and as amended on 2 July 2016 and 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998, and as amended on 1 October 2017, the Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (《建設項目竣工環境保護驗收暫行辦法》) promulgated by Ministry of Environmental Protection (環境保護部) on 20 November 2017 which became effective on the same date. According to the rules on environmental protection of construction projects, the state practises classified control over the environmental protection in construction projects based on the extent of environmental impact of construction projects in accordance with the following provisions:

- An environmental impact report shall be compiled for a construction project that may cause major impact on the environment, giving comprehensive and detailed evaluation of the pollution generated and environmental impact caused by the construction project;

- An environmental impact statement shall be compiled for a construction project that may cause light impact on the environment, giving analysis or special-purpose evaluation of the pollution generated and environmental impact caused by the construction project; and

- A registration form shall be filled out and submitted for a construction project that has a slight impact on the environment and necessitates no environmental impact evaluation.

The directory of classified administration of environmental impact evaluation of construction projects will be developed and announced by the competent administrative department of environmental protection under the State Council after organising experts for demonstration and seeking opinions of the relevant departments, industry associations, enterprises and public institutions and the public.

If the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction entity may not start construction.

LABOUR

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (《社會保險法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, and as amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and as amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, (a) each employee shall enrol in the basic pension insurance (基本養老保險) system, and the employer and the employee shall jointly make basic pension insurance contributions, the basic pension insurance fund shall consist of contributions from the employers and employees and government subsidies; (b) each employee shall enrol in the basic medical insurance (基本醫療保險) system for employees, and the employer and employees shall jointly make basic medical insurance contributions as set by the State. The basic medical insurance for urban residents shall be a combination of individual contributions and government subsidies; (c) each employee shall enrol in the occupational injury insurance (工傷保險) system. The employer shall make occupational injury insurance contributions, and the employee is not liable for contributions; (d) each employee shall enrol in the unemployment insurance (失業保險) system, and the employer and employee shall jointly make unemployment insurance contributions as set by the State. For the duration of receiving unemployment benefits, unemployed persons shall be entitled to basic medical insurance benefits if they are members of the basic medical insurance for employees. Basic medical insurance contributions due from unemployed persons shall be paid from the unemployment insurance fund. Unemployed persons are not liable for basic medical insurance contributions; (e) each employee shall enrol in the maternity insurance (生育保險) system. The employer shall make maternity insurance contributions as set by the State, and the employee is not liable for maternity insurance contributions.

When an employer fails to declare social insurance payables as prescribed, the payables by the employer shall be set as 110 per cent. multiples of its prior-month payables. When the employer has completed a makeup payment declaration, the social insurance contributions collecting agency shall settle the accounts for the employer in accordance with relevant regulations. When an employer fails to pay on time and in full social insurance contributions, the social insurance contributions collecting agency shall compel the employer to pay or replenish the deficiency within the prescribed period.

When social insurance payables by the employer remain unpaid or deficient at the expiry of the prescribed period, the social insurance contributions collecting agency has the right to inquire from banks and other financial institutions regarding the employer's bank accounts, and may apply to the relevant administrative department at or above the county level for a decision on capital transfer for social insurance contributions, and notify in writing the banks or other financial institutions where the employer has opened accounts to make the transfer for payment of social insurance contributions. When the balances in the employer's accounts are less than the social insurance payables, the social insurance contributions collecting agency may require the employer to provide a guarantee, and sign an agreement on payment deferral.

When an employer fails to pay social insurance contributions in full and fails to provide a guarantee, the social insurance contributions collecting agency may request a people's court to seize, seal up and sell at auction properties owned by the employer equivalent in value to the social insurance payables, and collect the auction earnings as social insurance contributions.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. There are uncertainties regarding the interpretation and application of current and future PRC taxation laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Persons considering the purchase of the Bonds should consult their own advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

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

Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC- source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable tax treaties. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise bondholders and at a rate of 20 per cent. for non-resident individual bondholders (or a lower treaty rate, if any). Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment. Furthermore, if the LC Bank makes any payments in respect of interest on the Bonds under the Standby Letter of Credit, the LC Bank may be obliged to withhold PRC enterprise income tax at the rate of up to 10.0 per cent. on such payments to non-PRC resident enterprise Bondholders or 20.0 per cent. on such payments to non-PRC resident individual Bondholders as such payments will be regarded as being derived from sources within the PRC, provided that there are no tax treaties or arrangements between the PRC and those countries or areas which exempt or reduce such tax.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days cumulatively within one tax year shall pay individual income tax for any income obtained within the PRC. Pursuant to the implementation regulations of IIT Law, unless otherwise stipulated by the finance authority and the tax department of the State Council, the income derived from transfer of properties in the PRC shall be deemed derived from sources within the PRC, regardless of the place of payment. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise bondholders. According to the Arrangement, bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the bondholders have in the PRC and all the other relevant conditions are satisfied.

VAT

On 23 March 2016, MOF and SAT issued Circular 36, which was subsequently amended on 11 July 2017, 25 December 2017 and 20 March 2019, introducing a new VAT from 1 May 2016 for entities and individuals providing services within the PRC in certain industries. On 19 November 2017, the State Council promulgated the Decision on Abolishing the Provisional Regulations of the People's Republic of China on Business Tax and Revising the Provisional Regulations of the People's Republic of China on Value-added Tax (國務院關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定). On the same day, the State Council amended the Provisional 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》)(the "**Value-Added Tax Provisional Regulations**"), which was initially issued on 13 December 1993 and subsequently amended on 5 November 2008, 6 February 2016, and 19 November 2017. The Value-Added Tax Provisional Regulations further requires that the business tax shall be completely replaced by VAT 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. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer and profits on the transfer of the Bond will be subject to PRC VAT at the rate of 6 per cent. The Issuer or the withholding agent 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. Investors should further consult their own legal and tax advisors in relation to their VAT obligations. As 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.

Stamp Duty

According to Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) adopted by the Standing Committee of the NPC on 10 June 2021, and implemented on 1 July 2022, entities and individuals who conclude taxable documents within the PRC, or who conclude taxable documents outside the PRC but for use within the PRC, should be liable for stamp duty. The taxable items and tax rates shall be governed by the Table of Taxable Items and Tax Rates for Stamp Duty (印花稅稅目稅率表) attached. According to taxable items, the tax bases for stamp duty shall be the amount listed in the contract (excluding the VAT listed), the amount listed in the document of transfer of the property right (excluding the VAT listed), the total amount of the paid-up capital and capital reserve recorded in the account book, or the securities transaction value.

According to the Stamp Duty Law of the PRC, the parties shall be obliged to pay stamp duties for the sale, inheritance, gift, exchange or division of instruments of transfer of property rights, including instruments of transfer of property titles, copyright, exclusive right of use of trademarks, patents and proprietary technology usage rights.

While Bonds may be considered as a type of loan contracts from a PRC legal perspective, the PRC taxation authority currently tends to take the view that taxable loan contracts are limited to contracts entered into by banks and other financial institutions in conducting their more conventional credit business, such as loan contracts for replenishing working capital or mortgages, as detailed in "Specific Provisions on the Applicability of Loan Contracts by the State Administration of Taxation" ((1988) Guoshuidi Zidi No. 30) ("**Specific Provisions**", though the Interim Regulation of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) was abolished on 1 July 2022, there is no evidence indicating Specific Provisions was abolished in the meantime).

However, there can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated specifying that the Bonds or similar debt instrument shall be treated (for purposes of stamp duty obligations) in the same way as loan contracts entered between banks or other financial institutions and borrowers, or otherwise as taxable instruments of transfer of property rights in the PRC. In that event, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) at the time of the issuance of the Bonds would be subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable at the time of the issuance or transfer of the Bonds in question (or such higher rate if local governments impose additional requirements). And there can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated deeming the Bonds or similar debt instrument as instruments of transfer of property rights for purposes of stamp duty obligations, according to the effective Stamp Duty Law of the PRC, instrument s of transfer of property rights, including instruments of transfer of property titles, copyright, exclusive right of use of trademarks, patents and proprietary technology usage rights, shall be subject to stamp duty of 0.003 per cent. or 0.005 per cent. of the stated value according to the taxable items, and to be paid by the parties who initiated the contract.

Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

HONG KONG

The following summary of certain Hong Kong tax consequences of purchase, ownership and disposition of the Bonds is based upon laws, regulations, decisions and practice now in effect, all of which are subject to change (possibly with retroactive effect). The summary 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 the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the *purchases of the Bonds should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.*

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.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds and gains from the sale, disposal or redemption of Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong are regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when they are received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

FATCA

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 12 December 2024 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

Joint Lead Manager	**Principal amount of the Bonds to be subscribed**
Shenwan Hongyuan Securities (H.K.) Limited	CNY189,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	CNY1,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	CNY1,000,000
Guotai Junan Securities (Hong Kong) Limited	CNY1,000,000
Dingxin (Securities) Limited	CNY1,000,000
SunRiver International Securities Group Limited	CNY1,000,000
Central International Securities Limited	CNY1,000,000
GF Securities (Hong Kong) Brokerage Limited	CNY1,000,000
Haitong International Securities Company Limited	CNY1,000,000
CNI Securities Group Limited	CNY1,000,000
Victoria Harbour Securities International Limited	CNY1,000,000
Founder Securities (Hong Kong) Limited	CNY1,000,000
Total	**CNY200,000,000**

The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made by such investor to the Issuer and the Bonds being issued.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of all obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

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

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

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that placing an order on a "principal" basis may require the affiliated Joint Lead Managers (if any) to categorised it as a proprietary order and apply the "proprietary orders" requirement of the Code to such order and will require the Joint Lead Managers to apply the "rebates" requirements of the Code (if applicable) to such order.

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

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

Underlying investor information in relation to omnibus order should be sent to: dcm@swhyhk.com, cmd_dcm@cibhk.com, dcm.execution4@gtjas.com.hk, dcm@dingxinsec.com, GFDCM@gfgroup.com.hk, dcmgroup@cnigroup.com.cn and dcm@vhshk.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

GENERAL

Neither the Issuer nor the Joint Lead Managers make any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Issuer and the Joint Lead Managers will have no responsibility for, and the Joint Lead Managers will obtain any consent, approval or permission required by them for, the acquisition, offer, sale or delivery by them of Bonds under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, the Offering Circulars or any amendment or supplement to it.

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

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application nor advertisement in connection with the Bonds should be distributed or published by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers.

UNITED STATES

The Bonds and the Standby Letter of Credit have not been registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Standby Letter of Credit are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds and the Standby Letter of Credit, an offer or sale of the Bonds and the Standby Letter of Credit within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

HONG KONG

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PEOPLE'S REPUBLIC OF CHINA

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws or any other applicable laws or regulations of the PRC.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (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 re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

MACAU

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority and Chongwa (Macao) Financial Asset Exchange Co., Ltd.(中華(澳門)金融資產交易股份有限公司), in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular 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. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the consolidated financial statements of the Group. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding 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.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

ASSET VALUATION

Under PRC GAAP, asset values are typically measured by compounding historical costs. Under IFRS, asset values can be measured either using historical costs or by re-evaluating assets (such as property, plants and equipment) to obtain their fair value, and then deducting the cumulative depreciation and impairment losses from this value.

GENERAL INFORMATION

1. **Clearing System**: The Bonds have been accepted for clearance through CMU under CMU Instrument Number BOAKFB24062 under Common Code 285049318, and the ISIN for the Bonds is HK0001032066.

2. **Legal Entity Identifier**: The Issuer's Legal Entity Identifier is 836800KE4FT95B98IN46.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer on 25 September 2023 and by an approval of the shareholder of the Issuer on 16 October 2023.

4. **Registrations and Filings**: The Issuer has received an NDRC Certificate dated 29 December 2023 from the NDRC with respect to the NDRC Pre-Issuance Registration, which as at the date of this Offering Circular remains valid and in full force and effect. The Issuer will be required to file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds within the prescribed timeframe after the Issue Date and comply with the continuing obligations in accordance with the Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time.

5. **No Material Adverse Change**: Except for otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations, business, properties or general affairs or profitability of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2023.

6. **Litigation**: None of the Issuer or the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.

7. **Available Documents**: copies of the Trust Deed, the Agency Agreement or the Standby Letter of Credit will be available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), from Monday to Friday (excluding public holidays)) by the Bondholders at the principal place of business of the Trustee (being as 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 CMU Lodging and Paying Agent) following prior written request and proof of holding and identity to the satisfaction of the Trustee or the CMU Lodging and Paying Agent, as the case may be.

8. **Financial Statements of the Issuer**: The audited consolidated financial statements of the Issuer for the years ended 31 December 2022 and 2023 have been audited by Zhongxinghua.

   According to the Joint Circular, any Public Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. Please see "*Risk Factors – Risks Relating to the Group and its Business – The Group's public interest assets accounted for approximately 12.7 per cent. of its total assets as of 31 December 2023. The Group's public interest assets should not be taken into account when assessing the Group's business, financial condition, results of operations and prospects*" for further information.

9. **Financial Statements of the LC Bank**: Copies of the LC Bank's published audited consolidated financial statements as well as its public filings, can be downloaded free of charge from the website of the LC Bank at http://www.ccqtgb.com. Such financial statements and public filings are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained from the website of the LC Bank at http://www.ccqtgb.com is subject to change from time to time. No representation or warranty, express or implied, is made by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank 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 the website of the LC Bank at http://www.ccqtgb.com.

   The LC Bank Audited Report are in the Chinese language and this Offering Circular contains the LC Bank Audited Report Translation. Should there be any inconsistency between the LC Bank Audited Report and the LC Bank Audited Report Translation, the LC Bank Audited Report shall prevail. The LC Bank Audited Report Translation is qualified in its entirety by, and is subject to, the information set out or referred to in, the LC Bank Audited Report. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified or checked the LC Bank Audited Report or the LC Bank Audited Report Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

10. **Listing of Bonds**: Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any global certificate that may be issued in respect of the Bonds (the "**Global Certificate**") is exchanged for Bonds in definitive form, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for Bonds in definitive form, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

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Audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 and 2023

English translation of the audited financial statements of the LC Bank as at and for the year ended 31 December 2023

Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Financial Statements as at 31 December 2023

Auditor's Report

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location:20/F,Tower B,Lize SOHO,20 Lize Road, Fengtai District,Beijing PR China

Postcode:100073

Tel:(010)51423818

Fax:(010)51423816

Audit report

Zhongxinghua Audit (2024) No. 020864

All shareholders of Chongqing Fengdu Cultural And Tourism Group Co., Ltd.:

I. Audit Opinions

We have audited the financial statement of Chongqing Fengdu Cultural And Tourism Group Co., Ltd. (hereinafter referred to as Fengdu Cultural and Tourism Group), including the Consolidated & Parent Company Balance Sheet as of 31 December 2023, Consolidated & Parent Company Income Statement, Consolidated & Parent Company Cash Flow Statement, Consolidated & Parent Company Owner's Equity Change Statement and relevant Financial Statement Notes in 2023.

In our opinions, the attached financial statement is prepared pursuant to provisions in the Accounting Standards for Business Enterprises from all major perspectives, and offers a fair view on consolidated and parent company financial conditions of Fengdu Cultural and Tourism Group as of 31 December 2023, as well as operation achievement and cash flow of consolidated and parent company in 2023.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA's responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of professional ethics for Chinese Certified Public Accountant, we are independent from Fengdu Cultural and Tourism Group, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Management and governance liabilities for financial statement

The management level of Fengdu Cultural and Tourism Group (hereinafter referred to as management level) is responsible for preparing financial statement in accordance with the Accounting Standards for Business Enterprises, to ensure its fair presentation, designing, implementing and maintaining necessary internal control, to prevent the financial statement from material misstatement due to fraud or error.

When preparing the financial statement, the management level is responsible for assessing sustainable operation capabilities of Fengdu Cultural and Tourism Group, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management level plans to liquidate Fengdu Cultural and Tourism Group, terminate the operation, or there is no other practical option.

The governance level is responsible for supervising the financial report process of Fengdu Cultural Tourism Group.

IV. Auditor’s Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user’s economic decision made based on financial statement, it is generally considered to be material misstatement.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintained professional skepticism throughout the audit. Meanwhile, we also performed the following tasks:

(I) Identify and assess material misstatement risk of financial statement caused by fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidences as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(II) Learn about internal control concerning audit to design appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policy adopted by the management level and the reasonableness of accounting estimates and related disclosures.

(IV) Determine whether the going-concern assumption used by management is appropriate. Meanwhile, based on the audit evidence acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about Fengdu Cultural and Tourism Group capabilities of sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Fengdu Cultural Tourism Group for sustainable operation.

(V) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(VI) Sufficient and appropriate audit evidence on the financial information of Fengdu Cultural and Tourism Group entity or business activities is acquired, to express audit opinions on the consolidated financial statement. We are responsible for guiding, supervising and executing the audit of the Group and assume full responsibility for the audit opinions.

We communicate with the governance about planned audit scope, schedule, major audit findings and other matters, including the internal control flaws that need attention, which we have identified during the audit.

中兴华会计师事务所（特殊普通合伙）
1101081173689

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Chinese CPA: 中国注册会计师 孙尚 110001670169 孙尚

Beijing China

Chinese CPA: 中国注册会计师 陈赵君 110001670593

28 April 2024

Consolidated Balance Sheet

31 December 2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. **Amount Unit: RMB yuan**

Items	Note	Year-end balance	Year-beginning balance
Current assets:			
Monetary fund	V. (I)	25,729,980.12	111,061,332.31
Trading financial assets			
Derivative financial asset			
Bills receivable			
Accounts receivable	V. (II)	586,841,507.38	538,827,244.30
Receivables financing			
Advanced payment	V. (III)	7,469,311.37	7,163,497.67
Other receivables	V. (IV)	1,158,174,706.19	540,226,694.93
Inventory	V. (V)	8,166,444,152.64	8,264,924,045.65
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V. (VI)	2,343,735.95	1,759,870.55
Total current assets		9,947,003,393.65	9,463,962,685.41
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V. (VII)	4,229,531,549.66	4,228,899,203.90
Other equity instrument investments			
Other non-current financial assets			
Investment real estate	V. (VIII)	61,853,200.00	61,113,400.00
Fixed assets	V. (IX)	407,797,202.50	422,094,590.70
Construction in process	V. (X)	65,226,290.97	61,953,065.02
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	V. (XI)	593,846,051.29	7,873,462.83
Development expenditures			
Goodwill			
Long-term deferred expenses	V. (XII)	336,668.80	305,123.92
Deferred income tax assets	V. (XIII)	1,742,449.67	4,275,365.27
Other non-current assets	V. (XIV)	2,437,203,285.04	2,382,551,380.13
Total non-current assets		**7,797,536,697.93**	**7,169,065,591.77**
Total assets		**17,744,540,091.58**	**16,633,028,277.18**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

(Cont.)

Consolidated Balance Sheet (Continued)

31 December 2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. **Amount Unit: RMB yuan**

Items	Note	Year-end balance	Year-beginning balance
Current liabilities:			
Short-term loan	V. (XV)	154,204,485.42	10,000,000.00
Transactional financial liabilities			
Derivative financial liability			
Bills payable			
Accounts payable	V. (XVI)	150,015,221.28	131,255,855.28
Accounts received in advance	V. (XVII)	4,612,951.65	4,606,951.65
Payroll payable	V. (XVIII)	4,800,907.33	4,403,038.94
Contract liabilities	V. (XIX)	1,102,163.78	1,132,522.57
Taxes payable	V. (XX)	315,264,723.15	257,867,505.87
Other payables	V. (XXI)	669,332,442.51	697,386,090.05
Liabilities held for sale			
Non-current liabilities due within one year	V. (XXII)	140,363,274.56	200,635,714.95
Other current liabilities	V. (XXIII)	25,383.50	25,383.50
Total current liabilities		**1,439,721,553.18**	**1,307,313,062.81**
Non-current liabilities:			
Long-term borrowings	V. (XXIV)	447,044,712.20	389,750,000.00
Bonds payable			
Of which: Preferred stock			
Perpetual debt			
Lease liabilities			
Long-term accounts payable	V. (XXV)	1,777,798,086.43	1,525,447,619.37
Long-term employee benefits payable			
Estimated debts			
Deferred income	V. (XXVI)	25,328,373.75	27,123,009.15
Deferred income tax liabilities	V. (XIII)	12,535,787.07	12,350,837.07
Other non-current liabilities			
Total non-current liabilities		**2,262,706,959.45**	**1,954,671,465.59**
Total liabilities		**3,702,428,512.63**	**3,261,984,528.40**
Owner's equity:			
Paid-in capital	V. (XXVII)	1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Of which: Preferred stock			
Perpetual debt			
Capital reserve	V. (XXVIII)	12,329,157,397.15	11,757,990,891.01
Less: Treasury stock			
Other comprehensive income	V. (XXIX)	37,065,486.19	37,065,486.19
Special reserve			
Surplus reserves		38,502,230.67	37,570,639.82
Undistributed profits	V. (XXX)	485,317,323.83	386,296,763.23
Total owners' equity attributable to the parent company		13,890,042,437.84	13,218,923,780.25
Minority shareholders' equity		152,069,141.11	152,119,968.53
Total owner's equity		**14,042,111,578.95**	**13,371,043,748.78**
Total liabilities and owner's equity		**17,744,540,091.58**	**16,633,028,277.18**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Consolidated Income Statement

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Total operating incomes		**669,241,701.89**	**673,106,226.98**
Of which: Operating revenue	V. (XXXI)	**669,241,701.89**	**673,106,226.98**
II. Total operating costs		**613,129,234.84**	**686,904,996.20**
Of which: Operating cost	V. (XXXI)	537,971,996.11	639,670,855.62
Taxes and surcharges	V. (XXXII)	4,590,183.58	6,607,041.15
Sales expense	V. (XXXIII)	5,610,836.88	1,619,182.07
Administrative expense	V. (XXXIV)	54,550,723.73	38,134,945.13
Research and development expenses			
Financial expense	V. (XXXV)	10,405,494.54	872,972.23
Of which: Interest expense		11,055,342.90	1,907,533.65
Interest incomes		1,132,748.67	1,265,067.65
Add: Other income	V. (XXXVI)	81,906,379.05	121,911,413.36
Investment incomes (losses marked with "-")	V. (XXXVII)	632,345.76	57,764.11
Of which: Investment revenues to associated enterprises and joint ventures			
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")	V. (XXXVIII)	739,800.00	-17,300.00
Credit impairment losses (losses marked with "-")	V. (XXXIX)	10,131,662.40	-2,840,273.11
Asset impairment losses (losses marked with "-")			
Asset disposal incomes (losses marked with "-")			
III. Operating profits (losses marked with "-")		149,522,654.26	105,312,835.14
Add: Non-operating incomes	V. (XL)	908,381.34	387,968.41
Less: Non-operating expenditures	V. (XLI)	5,145,560.98	7,005,121.49
IV. Total profits (total losses marked with "-")		145,285,474.62	98,695,682.06
Less: income tax expenses	V. (XLII)	15,844,773.89	10,738,065.25
V. Net profits (net losses marked with "-")		**129,440,700.73**	**87,957,616.81**
(I) Classification by operation continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		129,440,700.73	87,957,616.81
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		129,491,528.15	88,032,596.86
2. Minority shareholder's profits and losses(net losses marked with "-")		-50,827.42	-74,980.05
VI. After-tax Net of Other Comprehensive Income			
(I) Net other comprehensive incomes after tax attributable to owners of parent company			
1. Other comprehensive income that cannot be reclassified into profit or loss			
(1) Changes arising from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
(3) Fair value changes of other equity instrument investments			
(4) Fair value changes of corporate credit risks			
(5) Others			
2. Other comprehensive revenues to be reclassified into profits and losses			
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Fair value changes of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive incomes			
(4) Other debt investment credit impairment provisions			
(5) Cash flow hedge reserve			
(6) Converted difference of foreign currency financial statement			
(7) Others			
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total Comprehensive Gains		**129,440,700.73**	**87,957,616.81**
(I) Total comprehensive incomes attributable to owners of parent company		**129,491,528.15**	**88,032,596.86**
(II) Total comprehensive incomes attributable to minority shareholders		**-50,827.42**	**-74,980.05**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 Accounting director: 秦涛 Accounting firm director: 李丹

Consolidated Cash Flow Statement

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. **Amount Unit: RMB yuan**

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		665,857,140.20	1,881,047,416.59
Refunds of taxes			4,421.32
Cash inflow from other operating activities	V. (XLIII)	374,564,089.86	1,564,864,348.77
Total cash inflow from operating activities		**1,040,421,230.06**	**3,445,916,186.68**
Cash paid to buy goods and receive labor service		421,950,218.56	2,953,089,330.04
Cash paid to and for employees		59,374,332.60	45,056,245.01
Taxation paid		18,299,967.61	1,474,545.87
Other cash paid related to operating activities	V. (XLIII)	706,540,483.41	1,680,911,513.95
Total cash outflow from operating activities		**1,206,165,002.18**	**4,680,531,634.87**
Net cash flow from operating activities		**-165,743,772.12**	**-1,234,615,448.19**
II. Cash flow from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets, and other long-term investment			3,000.00
Net cash received from disposal of subsidiaries and other business units			
Other proceeds related to investment activities			210,062,064.56
Subtotal cash inflow from investing activities			**210,065,064.56**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		6,569,117.80	10,686,647.12
Cash paid for investments			
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**6,569,117.80**	**10,686,647.12**
Net cash flow from investment activities		**-6,569,117.80**	**199,378,417.44**
III. Cash flow from financing activities:			
Cash received from absorbing investments			1,000,000,000.00
Of which: Cash received from absorbing investments from minority shareholders by the subsidiary			
Cash received from borrowings		262,800,000.00	44,000,000.00
Cash received from other financing related activities	V. (XLIII)	97,000,000.00	83,564,532.69
Subtotal of cash inflow from financing activities		**359,800,000.00**	**1,127,564,532.69**
Cash paid for repayment of debt		57,950,000.00	59,873,863.67
Cash paid for distributing dividends, profits or settling interests		75,618,308.40	23,555,807.50
Of which: Dividends and profits paid to minority shareholders by the subsidiary			
Other cash paid related to financing activities	V. (XLIII)	139,250,153.87	
Subtotal cash outflow from financing activities		**272,818,462.27**	**83,429,671.17**
Net cash in/outflow from financing activities		**86,981,537.73**	**1,044,134,861.52**
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-85,331,352.19	8,897,830.77
Add: opening balance of cash and cash equivalents		111,061,332.31	102,163,501.54
VI.Closing balance of cash and cash equivalents		**25,729,980.12**	**111,061,332.31**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Consolidated Statement of Changes in Owner's Equity

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Amount Unit: RMB yuan

Items	Current amount												
	Owner's equity attributable to parent company											Minority shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt	Others									
I. Balance at the end of last year	1,000,000,000.00				11,757,990,891.01		37,065,486.19		37,570,639.82	386,296,763.23	13,218,923,780.25	152,119,968.53	13,371,043,748.78
Add: accounting policy changes													
Previous error correction													
Others													
II. Balance at the beginning of this year	1,000,000,000.00				11,757,990,891.01		37,065,486.19		37,570,639.82	386,296,763.23	13,218,923,780.25	152,119,968.53	13,371,043,748.78
III. Increased or decreased amount in the current period (decrease marked with "-")					571,166,506.14				931,590.85	99,020,560.60	671,118,657.59	-50,827.42	671,067,830.17
(I) Total comprehensive incomes										129,491,528.15	129,491,528.15	-50,827.42	129,440,700.73
(II) Capital increase or decrease from the Shareholders					571,166,506.14						571,166,506.14		571,166,506.14
1. Invested capital by the Shareholders													
2. Other interest owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others					571,166,506.14						571,166,506.14		571,166,506.14
(III) Appropriation of the profit									931,590.85	-30,470,967.55	-29,539,376.70		-29,539,376.70
1. Withdrawal of the surplus reserves									931,590.85	-931,590.85			
2. Withdrawal of the general risk reserves													
3. Distribution to owners										-30,000,000.00	-30,000,000.00		-60,000,000.00
4. Others										460,623.30	460,623.30		921,246.60
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserves													
4. Set the benefit plan changes to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	1,000,000,000.00				12,329,157,397.15		37,065,486.19		38,502,230.67	485,317,323.83	13,890,042,437.84	152,069,141.11	14,042,111,578.95

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative 游涛

Accounting leader: 秦涛 5002307035993

Accounting firm director: 李丹

Consolidated Statement of Changes in Owner's Equity (Continued)

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Amount Unit: RMB yuan

Items	Previous amount												
	Owner's equity attributable to parent company											Minority shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt	Others									
I. Balance at the end of last year	1,000,000,000.00				11,740,447,335.37		37,065,486.19		35,407,289.37	304,427,516.82	13,117,347,627.75	152,194,948.58	13,269,542,576.33
Add: accounting policy changes													
Previous error correction													
Others													
II. Balance at the beginning of this year	1,000,000,000.00				11,740,447,335.37		37,065,486.19		35,407,289.37	304,427,516.82	13,117,347,627.75	152,194,948.58	13,269,542,576.33
III. Increased or decreased amount in the current period (decrease marked with "-")					17,543,555.64				2,163,350.45	81,869,246.41	101,576,152.50	-74,980.05	101,501,172.45
(I) Total comprehensive incomes										88,032,596.86	88,032,596.86	-74,980.05	87,957,616.81
(II) Capital increase or decrease from the Shareholders					17,543,555.64						17,543,555.64		17,543,555.64
1. Invested capital by the Shareholders													
2. Other interest owner invested capital													
3. Amount of stock payment included in owner's equity													
4. Others					17,543,555.64						17,543,555.64		17,543,555.64
(III) Appropriation of the profit									2,163,350.45	-6,163,350.45	-4,000,000.00		-4,000,000.00
1. Withdrawal of the surplus reserves									2,163,350.45	-2,163,350.45			
2. Withdrawal of the general risk reserves													
3. Distribution to owners										-4,000,000.00	-4,000,000.00		-4,000,000.00
4. Others													
(IV) Internal transfer of shareholders' equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserves													
4. Set the benefit plan changes to be carried out into retained earnings													
5. Retained earnings carried forward by other comprehensive incomes													
6. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	1,000,000,000.00				11,757,990,891.01		37,065,486.19		37,570,639.82	386,296,763.23	13,218,923,780.25	152,119,968.53	13,371,043,748.78

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335

Accounting director: 秦涛 5002307035993

Accounting firm director: 李丹

Balance Sheet

31 December 2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Items	Note	Year-end balance	Year-beginning balance
Current assets:			
Monetary fund		1,907,446.55	1,153,606.60
Trading financial assets			
Financial assets at fair value and through current profit or loss			
Derivative financial asset			
Bills receivable			
Accounts receivable		956,568,044.44	505,065,233.13
Receivables financing			
Advanced payment		4,147,260.00	361,195,972.03
Other receivables	IX. (I)	802,064,162.60	143,975,154.39
Inventory		6,847,267,405.41	6,951,468,981.99
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		291,509.03	8,423.71
Total current assets		**8,612,245,828.03**	**7,962,867,371.85**
Non-current assets:			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	IX. (II)	5,276,694,878.47	5,276,694,878.47
Other equity instrument investments			
Other non-current financial assets			
Investment real estate			
Fixed assets		1,948,561.31	1,472,827.30
Construction in process			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		567,588.29	490,947.11
Other non-current assets		418,739,195.27	392,731,905.48
Total non-current assets		**5,697,950,223.34**	**5,671,390,558.36**
Total assets		**14,310,196,051.37**	**13,634,257,930.21**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 **Accounting director:** 秦涛 **Accounting firm director:** 李丹

(Cont.)

Balance Sheet (Continued)

31 December 2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Items	Note	Year-end balance	Year-beginning balance
Current liabilities:			
Short-term loan		50,084,027.78	
Transactional financial liabilities			
Financial liabilities at fair value and through current profit or loss			
Derivative financial liability			
Bills payable			
Accounts payable		2,737,118.43	1,697,330.18
Accounts received in advance			
Contract liabilities		256,047.28	286,406.07
Payroll payable			
Taxes payable		295,629,832.34	256,967,196.84
Other payables		717,436,608.71	154,499,707.75
Liabilities held for sale			
Non-current liabilities due within one year		17,831,093.26	
Other current liabilities			
Total current liabilities		**1,083,974,727.80**	**413,450,640.84**
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Of which: Preferred stock			
Perpetual debt			
Lease liabilities			
Long-term accounts payable		424,004,208.98	397,906,083.24
Long-term employee benefits payable			
Estimated debts			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**424,004,208.98**	**397,906,083.24**
Total liabilities		**1,507,978,936.78**	**811,356,724.08**
Owner's equity:			
Paid-in capital		1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Of which: Preferred stock			
Perpetual debt			
Capital reserve		11,702,157,978.47	11,702,157,978.47
Less: Treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserves		12,211,274.78	11,279,683.93
Undistributed profits		87,847,861.34	109,463,543.73
Total owner's equity		**12,802,217,114.59**	**12,822,901,206.13**
Total liabilities and owner's equity		**14,310,196,051.37**	**13,634,257,930.21**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Income Statement

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. **Amount Unit: RMB yuan**

Items	Note	Current amount	Previous amount
I. Operating Income	IX. (III)	**374,716,221.64**	**639,487,629.79**
Less: Operating costs	IX. (III)	340,938,967.01	580,867,930.40
Taxes and surcharges		3,381,065.00	5,768,564.64
Sales expense		2,465,394.20	4,700.00
Administrative expense		13,174,616.91	5,736,253.47
Research and development expenses			
Financial expense		-50,793.11	-13,410.40
Of which: Interest expense		20,176.71	
Interest incomes		78,156.71	17,968.16
Add: Other income			
Investment incomes (losses marked with "-")			
Of which: Investment revenues to associated enterprises and joint ventures			
Derecognized incomes of financial assets measured at amortized cost			
Net exposure hedging gains (losses marked with "-")			
Fair value change incomes (losses marked with "-")			
Credit impairment losses (losses marked with "-")		-306,564.72	12,408.27
Asset impairment losses (losses marked with "-")			
Asset disposal incomes (losses marked with "-")			
II. Operating profits (losses marked with "-")		**14,500,406.91**	**47,135,999.95**
Add: Non-operating incomes			
Less: Non-operating expenditures		2,079,195.63	406,846.00
III. Total profits (total losses marked with "-")		**12,421,211.28**	**46,729,153.95**
Less: income tax expenses		3,105,302.82	11,725,686.73
IV. Net profits (net losses marked with "-")		**9,315,908.46**	**35,003,467.22**
(I) Net profits from sustainable operation (net losses marked with "-")		9,315,908.46	35,003,467.22
(II) Net profit from discontinued operations (net loss presented with "-")			
V. Net other comprehensive incomes after tax			
(I) Items not to be reclassified into other comprehensive income			
1. Changes arising from re-measuring defined benefit plan			
2. Other comprehensive incomes unable to transfer to profits and losses under the equity method			
3. Fair value changes of other equity instrument investments			
4. Fair value changes of corporate credit risks			
5. Others			
(II) Items to be reclassified into other comprehensive income or			
1. Other comprehensive incomes able to transfer to profits and losses under the equity method			
2. Fair value changes of other debt investments			
3. Amount of financial assets reclassified into other comprehensive incomes			
4. Other debt investment credit impairment provisions			
5. Cash flow hedge reserve			
6. Converted difference of foreign currency financial statement			
7. Others			
VI. Total comprehensive incomes		**9,315,908.46**	**35,003,467.22**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Cash flow statement

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd. Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		408,071,455.31	1,858,599,800.00
Refunds of taxes			
Cash inflow from other operating activities		574,550,984.83	560,977,648.59
Total cash inflow from operating activities		**982,622,440.14**	**2,419,577,448.59**
Cash paid to buy goods and receive labor service		356,158,991.25	2,829,452,097.37
Cash paid to and for employees		5,367,265.08	2,359,877.49
Taxation paid		1,875,616.00	42,360.37
Other cash paid related to operating activities		668,280,561.59	597,165,010.22
Total cash outflow from operating activities		**1,031,682,433.92**	**3,429,019,345.45**
Net cash flow from operating activities		**-49,059,993.78**	**-1,009,441,896.86**
II. Cash flow from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets, and other long-term investment			
Other proceeds related to investment activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		475,734.01	257,496.00
Cash paid for investments			
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**475,734.01**	**257,496.00**
Net cash flow from investment activities		**-475,734.01**	**-257,496.00**
III. Cash flow from financing activities:			
Cash received from absorbing investments			1,000,000,000.00
Cash received from borrowings		50,000,000.00	
Cash received from other financing related activities		47,000,000.00	13,612,344.95
Subtotal of cash inflow from financing activities		**97,000,000.00**	**1,013,612,344.95**
Cash paid for repayment of debt			
Cash paid for distributing dividends, profits or settling interests		37,476,860.26	4,000,000.00
Other cash paid related to financing activities		9,233,572.00	
Subtotal cash outflow from financing activities		**46,710,432.26**	**4,000,000.00**
Net cash in/outflow from financing activities		**50,289,567.74**	**1,009,612,344.95**
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		753,839.95	-87,047.91
Add: opening balance of cash and cash equivalents		1,153,606.60	1,240,654.51
VI.Closing balance of cash and cash equivalents		**1,907,446.55**	**1,153,606.60**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: 游涛 5002307035335 **Accounting director:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Statement of Changes in Owners' Equity
2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Amount Unit: RMB yuan

Items	Current amount										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Others							
I. Balance at the end of last year	1,000,000,000.00				11,702,157,978.47				11,279,683.93	109,463,543.73	**12,822,901,206.13**
Add: accounting policy changes											
Previous error correction											
Others											
II. Balance at the beginning of this year	1,000,000,000.00				11,702,157,978.47				11,279,683.93	109,463,543.73	**12,822,901,206.13**
III. Increased or decreased amount in the current period (decrease marked with "-")									931,590.85	-21,615,682.39	**-20,684,091.54**
(I) Total comprehensive incomes										9,315,908.46	**9,315,908.46**
(II) Capital increase or decrease from the Shareholders											
1. Invested capital by the Shareholders											
2. Other interest owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Appropriation of the profit									931,590.85	-30,931,590.85	**-30,000,000.00**
1. Withdrawal of the surplus reserves									931,590.85	-931,590.85	
2. Withdrawal of the general risk reserves											
3. Distribution to owners										-30,000,000.00	**-30,000,000.00**
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserves											
4. Set the benefit plan changes to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	1,000,000,000.00				11,702,157,978.47				12,211,274.78	87,847,861.34	**12,802,217,114.59**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative 游涛 5002307035335 **Accounting leader:** 秦涛 5002307035893 **Accounting firm director:** 李丹

Statement of Changes in Owners' Equity (Continued)

2023

Prepared by: Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

Amount Unit: RMB yuan

Items	Previous amount										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Others							
I. Balance at the end of last year	1,000,000,000.00				11,684,614,422.83				9,116,333.48	80,623,426.96	**12,774,354,183.27**
Add: accounting policy changes											
Previous error correction											
Others											
II. Balance at the beginning of this year	1,000,000,000.00				11,684,614,422.83				9,116,333.48	80,623,426.96	**12,774,354,183.27**
III. Increased or decreased amount in the current period (decrease marked with "-")					17,543,555.64				2,163,350.45	28,840,116.77	**48,547,022.86**
(I) Total comprehensive incomes										35,003,467.22	**35,003,467.22**
(II) Capital increase or decrease from the Shareholders					17,543,555.64						**17,543,555.64**
1. Invested capital by the Shareholders	1,000,000,000.00										**1,000,000,000.00**
2. Other interest owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					17,543,555.64						**17,543,555.64**
(III) Appropriation of the profit									2,163,350.45	-6,163,350.45	**-4,000,000.00**
1. Withdrawal of the surplus reserves									2,163,350.45	-2,163,350.45	
2. Withdrawal of the general risk reserves											
3. Distribution to owners										-4,000,000.00	**-4,000,000.00**
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital (or stock) increase from capital reserves											
2. Capital (or stock) increase from surplus reserves											
3. Cover losses with surplus reserves											
4. Set the benefit plan changes to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	1,000,000,000.00				11,702,157,978.47				11,279,683.93	109,463,543.73	12,822,901,206.13

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative 游涛 5002307035335 **Accounting leader:** 秦涛 5002307035993 **Accounting firm director:** 李丹

Chongqing Fengdu Cultural And Tourism Group Co., Ltd.
2023 Financial Statement Notes

(Unless otherwise specified, the amounts are denominated in RMB)

I. Company Profile

(I) Company profile

Chongqing Fengdu Cultural And Tourism Group Co., Ltd. (hereinafter referred to as “corporate” or the “company”) is a limited liability company invested by Fengdu County State-owned Assets Affairs Center. On 16 February 1998, it was registered in Fengdu County Market Supervision Administration, and received Business License for Enterprise as Legal Person with registration No.91500230208753677K. The registered capital was RMB 10 million when the company was founded, invested in currency by the shareholder Fengdu County State-owned Assets Affairs Center. Corporate registered address: 11F, 58 West Section of Pingdu Avenue, Sanhe Sub-district, Fengdu County, Chongqing, corporate organization form: limited liability company (wholly state-owned), corporate legal representative: You Tao.

Corporate business scope: accommodation service; travel business. (For items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results) General items: tourism development project planning consultation; tourist scenic area management; conference and exhibition services; travel agency service outlet tourism solicitation, consulting service; hotel management; business agency and handling agent service; internet sales (except the sales of commodities that require license); recreational product and equipment rental; commercial complex management service; small facilities and recreational activities in parks and scenic areas; amusement park service; cultural venue management service; sports assurance organization; cultural relic and site protection service; sport product and apparatus wholesale; real estate development and sales (undertake business according to the real estate qualification license issued by the competent construction administration authority), metal materials (excluding rare and precious metals), machinery and electrical appliance equipment, building material sales; vegetable and fruit planting and sales *****. (For the items requiring approval according to law, business activities can be implemented only after approval by relevant authorities).

(II) Scope of consolidated financial statement

For relevant information of the company’s subsidiaries, see Note “VI. Equity in other entities”

For consolidation scope changes during the reporting period, see Note “VI. Changes of consolidation scope”.

II. Preparation Basis of the Financial Statements

(I) Preparation Basis of the Financial Statements

The company recognizes, measures, and prepares financial statement according to actual transaction and event, in accordance with Accounting Standards for Business Enterprises——Basic Standards, as well as specific Accounting Standards for Business Enterprises, application guidelines, interpretations and other relevant regulations of Accounting Standards for Business Enterprises (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance.

(II) Continuous operation

The company has evaluated the sustainable operation capability for 12 months since the end of reporting period, without finding events or circumstances causing major doubts about sustainable operation capability. Therefore, the financial statement is prepared based on the assumption of sustainable operation.

III. Significant accounting policies and accounting estimate

(I) Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for, and they truly and completely reflected the company’s consolidation and its parent company’s financial status on 31 December 2023, as well as its consolidation and its parent company’s operation results, consolidation, cash flow and other relevant information in 2023.

(II) Accounting period

A fiscal year starts from January 1 and ends on December 31 of the Gregorian calendar.

(III) Business cycle

The business cycle is 12 months.

(IV) Accounting standard currency

RMB is adopted as the accounting standard currency.

(V) Accounting treatment method for business combination under the same and different control

1. Where the clauses, conditions and economic impact of transactions during the consolidation of enterprises by steps meet one or more circumstances below, accounting treatment is conducted on multiple transaction matters as a package deal.

(1) These transactions are signed simultaneously or when considering mutual impact;

(2) These transactions as a whole can achieve a complete business result;

(3) The occurrence of a transaction depends on the occurrence of at least another transaction;

(4) A transaction alone is deemed as uneconomical, but economical when considered with other transactions together.

2. Consolidation of enterprises under the same control

The company measures the assets and liabilities obtained from the consolidation of enterprises, according to the book value of consolidated party’s assets and liabilities (including the goodwill arising from ultimate controller’s acquisition of the consolidated party) in the ultimate controller’s consolidated financial statement on the consolidation date. Share premium in capital reserve is adjusted as per the difference between the carrying amount of net assets obtained in consolidation and the carrying amount of consideration paid for the consolidation (or total par value of shares issued); if the share premium in capital reserve is insufficient to offset, retained earnings are adjusted.

If there is contingent consideration and estimated liabilities or assets need recognizing, capital reserve (capital premium or share premium) is adjusted as per the difference between the amount of such estimated liabilities or assets and subsequent contingent consideration settlement amount, and if capital reserve is insufficient, retained earnings are adjusted.

For the consolidation of enterprises finally realized through multiple transactions, if it is a package deal, accounting treatment is conducted by regarding various transactions as a transaction of obtaining control right; if it is not a package deal, capital reserve is adjusted as per the difference between initial investment cost of long-term equity investment on the date of obtaining control right and the sum of long-term equity investment book value prior to consolidation plus the book value of new consideration payment for further obtaining shares on the consolidation date; if capital reserve is insufficient to offset, retained earnings are adjusted. For equity investment held before the consolidation date, other comprehensive incomes recognized as per equity method accounting or financial instrument recognition and measurement standard accounting are not accounted temporarily, until accounting treatment is performed when disposing such investment on the same basis as directly disposing relevant assets or liabilities of the investee; the owner's equity changes in investee's net assets other than net profits and losses, other comprehensive incomes and profit distribution recognized as per equity method accounting are not accounted temporarily, until transfer into the current profits and losses when disposing such investment.

3. Consolidation of enterprises under different control

The company measures assets paid as the consideration of consolidation of enterprises and liabilities incurred or borne on the purchase date at fair value, and includes the difference between fair value and its book value in the current profits and losses.

The company recognizes the difference between consolidation costs larger than fair value portion of the purchased party's identifiable net assets as goodwill; the difference between consolidation cost smaller than fair value portion of the purchased party's identifiable net assets is included in the current profits and losses, after review.

Where the consolidation of enterprises under different control realized by steps through multiple exchange transactions is a package deal, accounting treatment is conducted by regarding various transactions as a transaction of obtaining control right; where it is not a package deal and equity method accounting is adopted for equity investment held before the consolidation date, the sum of book value for the purchased party's equity investment held before purchase date and the increased investment cost on the purchase date is regarded as initial investment cost of such investment; other comprehensive incomes recognized by the equity method for the equity investment held before the purchase date are accounted on the same basis as investees' directly disposal of relevant assets or liabilities when disposing of such investment. Where the equity investment held before the consolidation date is accounted by the standards for recognition and measurement of financial instruments, the sum of fair value of this equity investment on the consolidation date plus the increased investment cost is regarded as initial investment cost on the consolidation date. The difference between fair value of originally held equity and book value, as well as cumulative fair value changes originally included in other comprehensive income shall all be transferred into investment income of the current period on the consolidation date.

4. Relevant expenses incurred for consolidation

Intermediary expense and other relevant direct expenses incurred for consolidation of enterprises, such as audit, legal service, assessment and consultation, are included in the current profits and losses when incurred; transaction expense of equity securities issued for consolidation of enterprises is deducted from equity where it is directly attributable to equity transaction.

(VI) Consolidated financial statement preparation method

1. The scope of consolidation

Consolidation scope of corporate consolidated financial statement is determined based on control, and all subsidiaries (including separate entities controlled by the company) are included in the consolidated financial statement.

2. Consolidation procedures

The company prepares consolidated financial statement based on its financial statements and those of subsidiaries and according to other relevant materials. When preparing consolidated financial statement, the company regards the whole enterprise group as an accounting entity to reflect overall financial status, operation achievement and cash flow of the enterprise group in accordance with uniform accounting policy, depending on relevant recognition, measurement and presentation requirements of the Accounting Standards for Business Enterprises.

Accounting policy and accounting period of all subsidiaries included in the scope of consolidated financial statement shall be consistent with the company; if the accounting policy and accounting period of subsidiaries are inconsistent with the company, necessary adjustments shall be made according to the company's accounting policy and accounting period, when preparing the consolidated financial statement.

When consolidating financial statements, it offsets the impact of internal transactions between the company and subsidiaries and among subsidiaries on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated shareholders' equity change statement. If the identification of the same transaction varies from the perspective of consolidated financial statement of enterprise group and from the company or subsidiaries as accounting subject, this transaction shall be adjusted from the perspective of enterprise group.

The portions attributable to minority shareholders in owner's equity of subsidiaries, current net profits and losses and current comprehensive incomes are presented respectively under owner's equity item in the consolidated balance sheet, under net profit item and under total comprehensive income item in the consolidated income statement. Minority shareholders' equity is offset by the balance arising from current losses borne by minority shareholders of subsidiaries exceeding the portion entitled by minority shareholders in the opening owner's equity of such subsidiaries.

For the subsidiaries obtained by the consolidation of enterprises under the same control, their financial statements are adjusted based on the book value of their assets and liabilities (including the goodwill arising from ultimate controller's acquisition of such subsidiaries) in the ultimate controller's financial statement.

For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

(1) Addition of subsidiary or business

During the reporting period, in case of adding subsidiary or business due to consolidation of enterprises under the same control, adjust the opening balance of consolidated balance sheet; include incomes, expenses and profits of subsidiary or business from the beginning of current consolidation period to the end of reporting period into the consolidated income statement; include cash flow of subsidiary and business from the beginning of current consolidation period to the end of reporting period into the consolidated cash flow statement, and concurrently adjust relevant items of the comparative statement, which is deemed that after consolidation, the reporting subject has always existed since the point of time when ultimate controller starts to control.

In case of executing control on investees under the same control due to reasons such as additional investment, it is deemed that the parties involving in the consolidation make adjustment in the current state when the ultimate controller starts to control. For the equity investment held before obtaining control right of the consolidated party, the opening retained earnings or current profits and losses during the comparative statement period are offset respectively by relevant profits and losses, other comprehensive incomes and other net asset changes recognized from a later date between the date of obtaining original equity and the date when the consolidating party and the consolidated party are under the same control to the consolidation date.

During the reporting period, in case of adding subsidiary or business due to consolidation of enterprises under different control, the opening numbers of consolidated balance sheet are not adjusted; the incomes, expenses and profits of this subsidiary or business from the purchase date to the end of reporting period are included in the consolidated income statement; the cash flow of this subsidiary or business from the purchase date to the end of reporting period is included in the consolidated cash flow statement.

In case of executing control on investees under different control due to reasons such as additional investment, for the equity of the purchased party held before the purchase date, the company re-measures according to the fair value of this equity on the purchase date, and includes the difference between fair value and its book value in the current investment income. If the purchased party's equity held before the purchase date involves other comprehensive incomes under the equity method accounting, as well as the owner's equity changes except for net profits and losses, other comprehensive incomes and profit distribution, relevant other comprehensive incomes and other owner's equity changes are transferred to investment incomes in the current period of the purchase date, except for other comprehensive incomes arising from the investees' re-measurement of changes in net liabilities or net assets of defined benefit plan.

(2) Dispose of subsidiary or business

1) General treatment method

During the reporting period, if the company disposes of subsidiary or business, the incomes, expenses and profits of such subsidiary or from the beginning of business period to the disposal date are included in the consolidated income statement, and cash flow of such subsidiary or from the beginning of business period to the disposal date is included in the consolidated cash flow statement.

When losing control right of investees due to the disposal of partial equity investment or other reasons, for the remaining equity investment after disposal, the company re-measures according to its fair value on the date of losing control. The difference of the sum of consideration obtained from equity disposal and fair value of remaining equity deducting the sum of entitled net assets of original subsidiary continuously calculated from the purchase date or consolidation date as per the original shareholding ratio and the goodwill is recorded in investment income of the current period losing control right. Other comprehensive incomes related to original subsidiary equity investment or other owner's equity changes except for net profits and losses, other comprehensive incomes and profit distribution are transferred into current investment incomes when losing control right, except other comprehensive incomes arising from the investees' re-measurement of changes in net liabilities or net assets of defined benefit plan.

2) Disposal of subsidiary in steps

Where equity investment of subsidiary is disposed by steps through multiple transactions until losing control right, and the clauses, conditions and economic impact of transactions for disposing of equity investment of subsidiary meet one or more circumstances below, it generally indicates that accounting treatment shall be conducted on multiple transaction matters as a package deal:

A. These transactions are signed simultaneously or when considering mutual impact;

B. These transactions as a whole can achieve a complete business result;

C. The occurrence of a transaction depends on the occurrence of at least another transaction;

D. A transaction alone is deemed as uneconomical, but economical when considered with other transactions together.

Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

Where various transactions for disposing of equity investment of subsidiary until losing control right are not a package deal, before losing control right, accounting treatment is conducted according to relevant policy on partial disposal of equity investment of subsidiary under the condition of not losing control right; when losing control right, accounting treatment is conducted according to general treatment method for disposing of subsidiary.

(3) Purchase of minority equity of subsidiary

The company adjusts share premium in capital reserve of consolidated balance sheet, based on the difference between the long-term equity investment newly obtained due to the purchase of minority equity and the due net asset portion of subsidiaries that shall start calculation continuously from purchase date (or consolidation date) according to the newly added shareholding ratio; if the share premium in capital reserve is insufficient to write off, the retained earnings are adjusted.

(4) Partial disposal of equity investment in subsidiary without losing control right

Share premium in capital reserve in the consolidated balance sheet is adjusted based on the difference between disposal price obtained from partial disposal of long-term equity investment of subsidiary and portion of entitled net assets of subsidiary started to calculate continuously since the purchase date or consolidation date corresponding to the disposal of long-term equity investment of subsidiary, without losing control right, and if share premium in capital reserve is insufficient to offset, retained earnings are adjusted.

(VII) Determination standards of cash and cash equivalents

When preparing the Cash Flow Statement, the company's cash on hand and savings available for payment at any time are recognized as cash. It determines the investments that meet four conditions of short term (normally due within three months from the purchase date), high liquidity, easy conversion to known amount of cash and small risk of value change as cash equivalents.

(VIII) Financial instruments

When the Company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

1. Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and contractual cash flow characteristics of financial assets, the company divides financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

(1) Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

(2) Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

(3) Financial assets at fair value and through current profit or loss

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

2. Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Financial liabilities at fair value and through current profit or loss

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

(2) Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

3. Confirmation basis and measurement method of financial assets transfer

Financial asset that meets one of the following conditions is derecognized: ① The contractual right to receive the cash flow from the financial asset is terminated; ② The financial asset has been transferred, and the company has transferred almost all the risks and rewards of ownership of the financial asset to the receiver. ③ The financial asset has been transferred. Although the company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up control of the financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term “continuous involvement in the transferred financial asset” refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirely meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. Where all the risks and rewards of ownership of the financial asset have been transferred to another party, the financial asset is derecognized; Where all the risks and rewards of ownership of the financial asset have been retained, the financial asset is not derecognized; Where all the risks and rewards of ownership of the financial asset have not been transferred or retained, it shall be determined whether the enterprise has retained control over the asset, and the above-mentioned accounting principles in preceding paragraphs shall be applied.

4. De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

5. Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and liabilities are presented separately in the balance sheet and cannot be set off against each other.

6. Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc. , and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

7. Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company’s remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and transaction costs related to equity transactions are deducted from equity. The company does not recognize the fair value changes of equity instruments.

If dividends for corporate equity instruments are distributed during the existence period (including “interests” generated by instruments classified as equity instruments), they shall be treated as profit distribution.

(IX) Impairment of Financial assets

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

For financial instruments with lower credit risks on the balance sheet date, the company assumes their credit risks have not increased significantly since initial recognition, and chooses to measure loss provision based on expected credit losses within the next 12 months.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

In general, if overdue for more than 3 months, the company believes credit risk of this financial instrument has increased significantly, unless conclusive evidences prove credit risk of this financial instrument has not increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

1) Whether the actual or expected operating results of the debtor have changed significantly;

2) Whether the debtor’s regulatory, economic or technological environment has undergone significant adverse changes;

3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor’s economic motivation to repay the loan within the specified period of contract or affect defaulting probability;

4) Whether expected performance and repayment behavior of the debtor has changed significantly;

5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower’s ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Criteria for judging financial assets with credit impaired

When one or more events with an adverse impact on the expected future cash flow of financial asset occur, such financial asset becomes a credit-impaired financial asset. Evidence for credit impairment of financial assets includes the following observable information:

1) The issuer or debtor has major financial difficulties;

2) The debtor breaches the contract, such as defaulting or overdue payment of interest or principal;

3) Considering relevant economic or contract of debtor’s financial difficulties, the creditor gives the debtor concession that would never be made under any other circumstances;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The issuer or debtor is in financial difficulties, causing active market for such financial assets disappeared;

6) A financial asset is purchased or derived at a huge discount which indicates the fact of credit loss occurrence.

Credit impairment of financial assets may be caused by joint action of multiple events, and not necessarily separately identifiable event.

(4) Portfolio method for evaluating expected credit risks based on portfolio

The company evaluates credit risks individually for financial assets with significantly different credit risks, e.g.: receivables from associated parties; receivables in dispute with the other party or involved in litigation and arbitration; receivables with obvious indication that the debtor is probably unable to perform repayment obligations, etc.

In addition to financial assets with individual assessment of credit risks, the company divides financial assets into different groups based on common risk characteristics, and common credit risk characteristics adopted by the company include: financial instrument type, credit risk rating, aging portfolio, etc. Credit risk is assessed based on portfolio.

(5) Accounting treatment method of financial asset impairment

At the end of period, the company calculates expected credit losses of various financial assets, and if such expected credit losses are greater than current carrying amount of impairment losses, the difference is recognized as impairment losses; if they are less than the carrying amount of current impairment provision, the difference is recognized as impairment gains.

(6) Method for recognizing credit losses of various financial assets

① Bills receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Items	Determine the basis for the combination
Bank acceptance bill	Acceptors are banks with low credit risks
Commercial acceptance bill	Others

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Determine the basis for the combination
Aging combination	This portfolio takes the aging of receivables as credit risk characteristics.
Other combinations	This portfolio takes no bad debt risk as credit risk characteristics.

③ Other receivables

The company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Determine the basis for the combination
Aging combination	This portfolio takes the aging of receivables as credit risk characteristics.
Other combinations	This portfolio takes no bad debt risk as credit risk characteristics.

④ Debt investment

Main accounting of debt investments is bond investment, etc measured at amortized cost. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

Except for debt investment with individual assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Items	Determine the basis for the combination
Credit risk portfolio	Bond rating has not been downgraded since initial purchase

⑤ Other debt investment

Other debt investments are mainly accounted by bond investments measured at fair value with change recorded in other comprehensive income. The company measures impairment losses based on whether its credit risks have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period.

Except for other debt investment with individual assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Items	Determine the basis for the combination
Credit risk portfolio	Bond rating has not been downgraded since initial purchase

(X) Inventory

1. Classification of inventory

Inventories refer to low-value consumables held by the company for sale in daily activities, inventory goods, contract performance costs, development costs, development products, etc.

2. Valuation method of issued inventory

Corporate inventories are priced at actual costs at the time of acquisition. The weighted average method is adopted for pricing of inventory goods at the time of delivery, and the individual pricing method is adopted for the measurement of contract performance costs, development costs and development products at the time of delivery.

3. Basis of determining net realizable value of inventory and withdrawal method of inventory depreciation provision

After overall stocktaking of inventories at the end of period, provision for inventory depreciation reserve is withdrawn or adjusted as per the lower of inventory cost and net realizable value. As for finished products, inventory goods, materials for sale and other commodities inventories directly used for sale, during the normal production and operation process, the net realizable value is determined by the estimated sales price of such inventory deducting estimated sales expense and relevant tax; as for material inventory that needs processing, during the normal production and operation process, the net realizable value is determined by the estimated sales price of manufactured finished product deducting estimated cost to be incurred at the time of production completion, estimated sales cost and relevant tax; as for inventories held for performing sales contract or labor contract, the net realizable value is calculated based on contract price, and if the quantity of inventories held exceeds the ordered quantity of sales contract, the net realizable value of excessive inventories is calculated based on general sales price.

At the end of period, the provision for inventory depreciation reserve is made as per the lower of single inventory item; but as for inventories with large quantity and low unit price, the provision for inventory depreciation reserve is made based on the category of inventories; as for inventories related to serial products manufactured and sold in the same region, with the same or similar ultimate application or purpose, and difficult to measure separately from other items, the provision for inventory depreciation reserve may be combined.

When the influencing factors for previously write-down inventory value have disappeared, the write-down amount shall be restored, reversed within the amount of inventory price drop reserve that has been accrued, and the amount of reversal is included in current profits and losses.

4. Inventory stocktaking system

Perpetual inventory system is applied.

5. Accounting method of quality assurance margin

The quality assurance margin is reserved from engineering funds of the constructor in accordance with the construction contract. The repair expense incurred during the developed product warranty period writes down quality assurance margin; the balance of quality assurance margin shall be refunded to the constructor upon expiration of the agreed warranty period of the developed product.

(XI) Contract assets

1. Contract asset recognition method and standard

The company presents contract assets or contract liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The right of receiving consideration that the company may charge for the commodity transferred or service provided to customers (and this right depends on factors other than the passage of time) is presented as contract assets. Contract assets and contract liabilities under the same contract are presented in net terms. The company presents its unconditional (i.e. depending only on the lapse of time) right to charge consideration from customers as receivables separately.

2. Method of determining expected credit loss on contract assets and accounting treatment method

The method for determining the expected credit loss of contract assets and accounting treatment method are shown in the relevant accounting treatment of contract assets under the new financial instrument standards in Note “III. (9) 6. Method for determining the credit losses of various financial assets”.

(XII) Long-term equity investment

1. Judging criteria for joint control and significant impact

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Where the company and other joint venture party jointly control the investee company and are entitled to net assets of the investee company, the investee company is joint venture of the company.

Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties. Where the company can exert significant impact on the investee company, the investee company is an associated enterprise of the company.

2. Recognition of initial investment cost

(1) Long-term equity investment formed by enterprise consolidation

For long-term equity investments in subsidiaries resulting from a business combination under common control, it shall on the date of merger, regard the share of the book value of the owner' s equity of the merged enterprise in the merger' s consolidated financial statement as the initial cost of the long-term-equity investment. Adjust the share premium in capital reserve, by the difference between initial investment cost of long-term equity investment and book value of consideration paid; and adjust retained earnings, when the share premium in capital reserve is insufficient to offset. In case of executing control on investees under the same control due to reasons such as additional investment, adjust the capital premium as per the difference between initial investment cost of long-term equity investment recognized according to the above principle and the sum of long-term equity investment book value prior to consolidation plus the book value of new consideration payment for further obtaining shares on the consolidation date, and offset the retained earnings, if the capital premium is insufficient to offset.

Regarding the long-term equity investment in subsidiary arising from consolidation of enterprises under different control, the consolidation cost determined on the purchase date is deemed as the initial investment cost of long-term equity investment. In case of executing control on investees under different control due to reasons such as additional investment, the sum of book value of equity investment originally held plus additional investment cost is deemed as the initial investment cost.

(2) Long-term equity investment obtained by means other than consolidation of enterprises

The long-term equity investment obtained by cash payment is based on the actually paid purchase price as the initial investment cost.

The long-term equity investment obtained by issuing equity securities is based on fair value of issued equity securities as the initial investment cost.

3. Subsequent measurement and recognition of profit and loss

(1) Long-term equity investment accounted as cost method

Corporate long-term equity investment in subsidiaries is accounted for using the cost method, unless the investment meets the held-for-sale conditions. Except for cash dividends or profits included in the actually paid price or consideration when acquiring investment, declared but not yet issued, the company recognizes current investment incomes as per the entitled cash dividends or profits declared to issue by the investee company.

(2) Long-term equity investment employing the equity method

Long-term equity investment in associated enterprise and joint venture is accounted by the equity method. If the initial investment cost is greater than the difference of fair value share of the identifiable net assets of the investee, the initial investment cost of long-term equity investment is not adjusted; if the initial investment cost is less than the difference of fair value share of identifiable net assets of the investee, it is included in current profits and losses, and the cost of long-term equity investment is adjusted simultaneously.

The company recognizes investment incomes and other comprehensive incomes respectively according to the due share of net profits and losses of the investee company and other comprehensive incomes, concurrently adjusts book value of long-term equity investment; calculates the due part as per profits or cash dividends declared to distribute by the investee company, to reduce the book value of long-term equity investment accordingly; as for investee company changes of owner's equity other than net profits and losses, other comprehensive income and profit distribution (referred to as "other changes in owner's equity"), the book value of long-term equity investment is adjusted and it is included in owner's equity.

When recognizing the due share of net profits and losses of the investees, other comprehensive incomes and other owner's equity changes, it is recognized after adjusting the investees' net profits and other comprehensive incomes, according to corporate accounting policy and accounting period, based on fair value of identifiable net assets of the investees at the time of investment acquisition.

The company offsets the part attributable to the company and calculated as per the entitled ratio in unrealized internal transaction profits and losses with the associated enterprises and joint ventures, and recognizes investment profits and losses on this basis, except where the invested or sold assets constitute business. Where the unrealized internal transaction loss occurred with the investees is asset impairment loss, it is recognized in full amount.

The net losses incurred by the company to joint ventures or associated enterprises, except for the obligation to bear additional losses, are limited to the book value of long-term equity investment and other long-term equities that substantially constitute net investment in the joint ventures or associated enterprises written down until zero. Where joint ventures or associated enterprises later realize net profits, the company resumes the recognition of income sharing amount after the income sharing amount has compensated for the unrecognized loss sharing amount.

(3) Disposing of a long-term equity investment

For the disposal of long-term equity investment, the difference between the carrying amount of the equity and the actually obtained price from the disposal of equity shall be recorded into current profit or loss.

Where partial long-term equity investments disposed are accounted for by the equity method, and the remaining equity is still accounted for by the equity method, other comprehensive incomes originally recognized by the equity method accounting are carried forward as per the corresponding proportion on the same basis as the relevant assets or liabilities directly disposed of by the investees, and other owner's equity changes are carried forward into the current profits and losses in proportion.

Where losing joint control or significant impact of investees due to the disposal of equity investment or other reasons, for other comprehensive incomes recognized by the equity method accounting in original equity investment, accounting treatment is made on the same basis as the relevant assets or liabilities directly disposed of by the investees when terminating the accounting by the equity method, and other owner’s equity changes are all carried forward into the current profits and losses when terminating the accounting by the equity method.

Where the joint control of investees is lost due to the disposal of partial equity investment or other reasons, when individual financial statements are prepared, in case the remaining equity can exert joint control or significant impact on the investees, change to equity method accounting, and adjust the remaining equity deemed as equity method accounting since acquisition, other comprehensive incomes recognized before the acquisition of the control of investees are carried forward on the same basis as the relevant assets or liabilities directly disposed of by the investees in proportion, and other owner’s equity changes recognized by the equity method accounting are carried forward into the current profits and losses in proportion; where the remaining equity cannot implement joint control or exert significant impact on the investees, it is recognized as financial assets, the difference between fair value and book value on the date of losing its control is included in the current profits and losses, and all other comprehensive incomes and other owner’s equity changes recognized before the acquisition of control of the investees are all carried forward.

Where the Bank gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income in individual financial statements, and be carried forward to current profit or loss without control when losing control. If they are not the package deal, each transaction is accounted separately.

(XIII) Investment real estate

Investment real estate refers to the real estate held for the purpose of earning rental fee or capital appreciation, or both, including the land use right already rented, land use right held and ready for transfer after appreciation, and buildings already rented (including the buildings used for rental after completion of self-construction or development activities, and the buildings under construction or development and used for rental in the future).

The relevant subsequent expenditure of investment real estate is included in the investment real estate cost, when relevant economic benefits are likely to flow in and the cost can be reliably measured; otherwise, it is included in the current profits and losses when incurred.

The company adopts fair value model to measure the existing investment real estate, adjusts its book value based on the fair value of such investment real estate on the balance sheet date, and includes the difference between fair value and original book value in the current profits and losses.

The fair value of investment real estate is measured according to the appraisal value in the appraisal report.

(XIV) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets refer to the tangible assets held for the purpose of manufacturing commodity, providing labor service, renting or operation management, with service life of more than one fiscal year. Fixed assets shall be recognized when they simultaneously meet the following conditions:

(1) The economic benefits associated with such fixed assets are likely to flow into the enterprise;

(2) The cost of the fixed assets can be measured reliably.

Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

Subsequent expenditures related to fixed assets are included in costs of fixed assets, when the relevant economic benefits are likely to flow into the company and their costs can be measured reliably; the book value is derecognized for the portion being replaced; all the other subsequent expenditures are included in current profits and losses at the time of incurrence.

2. Depreciation method

The depreciation of fixed assets is accrued by using the straight-line method, and depreciation rate is determined as per fixed asset category, estimated service life and estimated net residual value rate. For the fixed assets with accrued impairment reserve, depreciation amount is determined in the future period as per the book value after deducting impairment reserve and depending on the usable years. If each integral part of fixed assets has different service life or provides economic benefits to the enterprise in different manners, then different depreciation rates or depreciation methods are selected in making provision for depreciation separately.

The depreciation method, depreciation life, residual value rate and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Life-average method	20-40	0-5	2.50-4.75
Machinery equipment	Life-average method	3-10	0-5	9.50-33.33
Transportation equipment	Life-average method	3-5	0-5	19.00-33.33
Electronic equipment	Life-average method	3-5	0-5	19.00-33.33
Office equipment	Life-average method	3-5	0-5	19.00-33.33
Other devices	Life-average method	5	0-5	19.00-20.00

3. Disposal of fixed assets

Where a fixed asset is disposed, or is expected to generate no economic benefits through use or disposal, it shall be derecognised. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

(XV) Construction in process

The measurement of an ongoing construction project shall be made at its cost. Actual costs include construction cost, installation cost, borrowing cost eligible for capitalization, and other expenditures necessary to make the construction in progress reach an intended usable state. When the construction in progress reaches the intended usable state, transfer it into fixed assets and start making provision for depreciation from the next month.

(XVI) Borrowing costs

1. Recognition principle of borrowing cost capitalization

If the borrowing costs incurred by the company are directly attributable to purchasing, constructing or producing the assets eligible for capitalization, they may be capitalized and included in the cost of relevant assets; other borrowing costs, when incurred, are recognized as expenses as per the amount incurred, and included in current profits and losses.

Assets eligible for capitalization refer to the assets such as fixed assets, investment real estate and inventories that require a relatively long period of purchasing, construction or production activities so as to achieve the intended usable or salable status.

2. Period of borrowing cost capitalization

Capitalization period refers to the period from the time when borrowing costs start capitalization to the time when capitalization is stopped, and the period of ceasing capitalization of borrowing costs is not included.

Capitalization of borrowing costs will start when meeting the following conditions simultaneously:

(1) Asset expenditures have incurred, by means of cash payment, transferring non-cash assets or assuming interest-bearing debts for the purpose of constructing or producing the assets eligible for capitalization;

(2) Borrowing costs have incurred;

(3) Necessary construction or production activities for the assets to reach the intended usable or sellable status have begun.

When the purchased, constructed or produced assets eligible for capitalization have reached the intended usable or sellable status, capitalization of borrowing costs shall cease.

3. Suspended capitalization period

If the assets eligible for capitalization are abnormally interrupted during the purchase, construction or production process and the interruption period lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended; if such interruption is necessary procedures for the purchased, constructed or produced assets eligible for capitalization to reach the intended usable or sellable status, the borrowing costs will continue to be capitalized. The company recognizes the borrowing costs incurred during the interruption period as current profits and losses, and the borrowing costs shall continue to be capitalized after the asset purchase, construction or production activities restart.

4. Method for calculating the capitalization rate and capitalized amount of borrowing cost

As for the special borrowings from constructing or producing the assets eligible for capitalization, the borrowing costs actually incurred in the current period of special borrowings deduct the interest incomes earned by the unused borrowing fund deposited in the bank or the amount after investment incomes from temporary investment, to determine the amount of capitalization for the borrowing costs.

As for the general borrowings used for purchasing, constructing or producing the assets eligible for capitalization, the amount of general borrowings to be capitalized is calculated and determined according to the weighted average of cumulative asset expenditure exceeding asset expenditure of special borrowings, multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average actual interest rate of the general borrowings.

During the capitalization period, the exchange difference of foreign currency's special loan principals and interests shall be capitalized, and included in the costs of assets eligible for capitalization. The exchange difference arising from the principal and interest of other foreign currency borrowings other than special foreign currency borrowings is included in the current profits and losses.

(XVII) Intangible assets

1. Valuation method for intangible assets

(1) When the company obtains intangible assets, initial measurement is made according to the cost;

The cost of purchased intangible assets, including the purchase price, related taxes and other expenses directly attributable to bringing the assets to their intended use.

(2) Subsequent measurement

The service life of intangible assets is analyzed and judged at the time of acquisition.

The intangible assets with limited service life are amortized in the period of bringing economic benefits to the enterprise; if it is unable to foresee the period when intangible assets bring economic benefits to the enterprise, the intangible assets are regarded with an uncertain service life and unamortized.

2. Service life estimate of intangible assets with limited service life

Items	Estimated service life	Amortization method	Residual value rate	Basis
Software	3-10 years	Straight-line method	0	Expected service life
Land use right	40 years	Straight-line method	0	Service life on certificate

3. Basis for judging intangible assets with infinite service life and procedure for reviewing their service life

The company determines intangible assets of which the period of bringing economic benefits to the company is unforeseeable or service life is uncertain as intangible assets with uncertain service life.

Basis for judgment of uncertain service life: ① derived from contractual rights or other legal rights, but without clear useful life stipulated in the contract or laws; ② still impossible to judge the period when intangible assets can bring economic benefits to the company, in conjunction with industrial situation or relevant expert arguments, etc.

At the end of each year, the service life of intangible assets with uncertain service life is reviewed, chiefly in a bottom-up manner, and relevant departments of using intangible assets conduct basic review, evaluating whether changes occur in the basis for judgment of uncertain service life.

(XVIII) Long-term asset impairment

Regarding long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with limited useful life, productive biological assets, oil and gas assets and other long-term assets, in case of impairment signs on the balance sheet date, conduct impairment test. If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

Regarding the goodwill arising from consolidation of enterprises, intangible assets with infinite service life, and intangible assets that have not yet reached the usable state, regardless of whether there are impairment signs, conduct impairment test at least at the end of each year.

With regard to goodwill impairment test, the book value of goodwill formed by company consolidation is apportioned to relevant asset group by reasonable method from the purchase date; if it is difficult to apportion to the relevant asset group, it shall be apportioned to the relevant asset group portfolio. Relevant asset group or asset group portfolio is the asset group or asset group portfolio that can benefit from the synergic effect of consolidation of enterprises.

When performing impairment test on the relevant asset group or asset group portfolio including goodwill, if there is any indication of impairment on the asset group or asset group portfolio related to goodwill, firstly perform impairment test on the asset group or asset group portfolio excluding goodwill, calculate the recoverable amount, and compare with the relevant book value, to recognize corresponding impairment losses. Then conduct impairment test on the asset group or asset group portfolio that contains goodwill, and compare its book value with recoverable amount. If the recoverable amount is lower than book value, impairment loss amount shall first be apportioned to book value of goodwill in asset group or asset group portfolio, and then according to the ratio of book value of other assets in the asset group or asset group portfolio other than goodwill, deduct the book value of other assets proportionally.

Once the above asset impairment loss is confirmed, it will not be transferred back in the subsequent accounting period.

(XIX) Long-term deferred expenses

Long-term deferred expenses refer to the expenses which the company has already incurred, but with apportionment period of more than one year in the current period and subsequent periods.

The amortization period and method of each expense is:

Items	Amortization method	Amortization years
Decoration fees	Average amortization during the benefit period	5-10 years

(XX) Contract liabilities

The company presents contract assets or contract liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The obligation that the company shall transfer commodity or provide service to customers for the consideration received or receivable from customers is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net terms.

(XXI) Staff salary

1. Accounting treatment method for short-term remuneration

The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs.

As for social insurance premiums and housing provident fund paid by the company for employees, as well as labor union funds and employee education funds drawn according to regulations, corresponding employee remuneration amount shall be calculated and determined according to the specified accrual basis and accrual ratio, during the accounting period when employees provide service for the company.

Employee welfare expense incurred by the company is recorded in the current profits and losses or related asset costs according to the actually incurred amount when actually incurred, of which non-monetary welfare is measured at fair value.

2. Accounting treatment method for post-employment welfare

Defined contribution plan

The company pays basic pension insurance and unemployment insurance for employees according to relevant regulations of local government; in the accounting period when employees provide service for the company, the amount payable is calculated as per the local payment base number and ratio, recognized as liabilities, and included in current profits and losses or relevant asset costs.

Additionally, the company has also been involved in the enterprise annuity plan approved by relevant state authorities. The company pays to the annuity plan according to a certain proportion of the total employee salary, and includes the corresponding expenditure into the current profits and losses or related asset costs.

3. Accounting treatment method for dismissal welfare

When the company provides dismissal welfare to employees, it recognizes employee remuneration liabilities arising from dismissal welfare on the earlier date between the following two and records in the current profits and losses: when the company cannot unilaterally revoke the dismissal welfare provided due to termination of labor relationship plan or layoff proposal; when the company recognizes the costs or expenses related to restructuring for payment of dismissal welfare.

(XXII) Estimated debts

When the obligations related to contingencies meet the following conditions simultaneously, the company recognizes them as estimated liabilities:

(1) This obligation is the current obligation assumed by the company;

(2) Fulfillment of this obligation may result in outflow of economic benefits from the company;

(3) The amount of the obligation can be measured reliably.

The company conducts initial measurement of estimated liabilities according to the best estimate of expenditure required to fulfill relevant current obligations.

When determining the best estimate, the company considers factors such as contingency-related risks, uncertainty and monetary time value in an all-round manner. For those significantly influenced by monetary time value, determine the best estimated number by discounting the relevant future cash outflow.

If there is a continuous range of the expenditure required and various outcomes within this range are equally likely to occur, the best estimate is determined as per the middle value in this range; the best estimates are handled respectively as below under other circumstances:

- If a contingency involves a single item, it is determined according to the most likely amount.
- If a contingency involves multiple items, it is determined based on various possible outcomes and associated probabilities.

If all or part of corporate expenditures required to pay off the estimated liabilities are expected to be compensated by the third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount does not exceed the book value of estimated liabilities.

The company reviews the book value of estimated liabilities on the balance sheet date, and if conclusive evidence shows that this book value cannot truly reflect the current best estimates, this book value shall be adjusted according to the current best estimates.

(XXIII) Income

Income is recognized when the company has fulfilled performance obligation in the contract, i.e. customers obtain control right of relevant commodities or services. Acquisition of relevant commodity or service control rights refers to leading the use of such commodity or service and obtaining almost all economic benefits therefrom.

Where the contract includes two or more contract performance obligations, on the contract commencement date, the company apportions the transaction price to each individual contract performance obligation, according to the relative proportion of separate selling price of commodities or services promised by each individual contract performance obligation. The company shall measure income in accordance with the transaction price apportioned to each individual contract performance obligation.

Transaction price refers to the amount of consideration that the company expects to have the right of receiving due to transfer of commodities or services to customers, excluding amount received on behalf of third parties and amount that the company expects to refund to customers. The company determines the transaction price in accordance with the contract terms and conditions, combined with previous customary practice, and when determining transaction price, it considers the impact of variable consideration, significant financing component in the contract, non-cash consideration, consideration payable to customers and other factors. The company determines the transaction price including variable consideration by the amount no more than the cumulative recognized income that is most likely not to incur significant reversal when relevant uncertainty is eliminated. If there is a significant financing component in contract, the company determines transaction price according to the presumed amount payable in cash when customers obtain commodity or service control right, and amortizes the difference between this transaction price and contract consideration by effective interest rate method during the contract period.

In one of the following conditions, it belongs to fulfillment of performance obligation within a certain period of time; otherwise, it belongs to fulfillment of performance obligation at a certain point of time:

- Customers obtain and consume the economic benefits brought by the contract performance of the company while performing the contract.
- Customers can control the commodity under construction during contract performance of the company.
- The commodity arising from the contract performance of the company has irreplaceable application, and the company has the right to charge payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations fulfilled within a certain period of time, the company recognizes income in accordance with the performance progress during this period, but except that the performance progress cannot be reasonably determined. Considering the nature of commodity or service, the company determines the performance progress by output method or input method. When the performance progress cannot be reasonably determined, if the costs incurred by the company are expected to be compensated, income is recognized according to the amount of costs incurred until the performance progress can be reasonably determined.

For contract performance obligation fulfilled at a certain point of time, income is recognized at the point of time when customers obtain relevant commodity or service control right. When judging whether customers have acquired commodity or service control right, the company will consider the following signs:

- The company is entitled to current charging right for such commodity or service, which means customers have current payment obligation for such commodity or service;
- The company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity.
- The company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind.
- The company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained the main risk and reward on ownership of such commodity.
- The customer has accepted the commodity or service, etc.

(XXIV) Contract costs

Contract cost includes contract performance cost and contract acquisition cost.

If the cost incurred by the company for contract performance is beyond the scope of relevant standards such as inventory, fixed assets or intangible assets, it shall be recognized an asset as contract performance cost when meeting the following conditions:

- This cost is directly related to a current or expected contract.
- Such costs increase corporate future resources to meet its performance obligations.
- Such costs are expected to be recovered.

The incremental costs incurred by the company for the acquisition of the contract that is expected to be recovered are recognized as an asset as the contract acquisition costs.

Assets related to contract costs are amortized on the same basis as income recognition of commodity or service associated with such assets; however, if the cost amortization period of contract acquisition does not exceed one year, the company will include them in current profits and losses at the time of occurrence.

If the book value of assets related to contract cost is higher than the difference between the following two items, the company makes provision for impairment reserve on the excessive part and recognizes as asset impairment losses:

1. Remaining consideration expected to acquire due to the transfer of commodity or service related to such assets;

2. Costs estimated to incur for the transfer of such relevant commodity or service.

If impairment factors in previous period change afterwards, causing the aforesaid difference higher than the book value of such assets, the company reverses the impairment reserve originally accrued and includes in current profits and losses, but the book value of assets after reversal does not exceed the book value of such assets on the reversal date under the assumption of no provision for impairment reserve.

(XXV) Government subsidies

1. Type

Government subsidy means monetary assets or non-monetary assets that the company obtains from the government free of charge, and is divided into the government subsidy related to assets and the government subsidy related to income.

Asset-related government subsidy refers to government subsidy obtained by the company, used for purchase and construction or generating long-term assets in other manners. The government subsidy related to income means the government subsidy other than the government subsidy related to assets.

2. Recognition time

Government subsidy is recognized if the following conditions are met simultaneously: first, the company can meet the attached conditions of government subsidy; secondly, the company can receive government subsidy.

3. Accounting treatment

Where asset-related government subsidy is recognized as deferred income, it is included in the current profits and losses in a reasonable and systematic manner within the service life of related assets (that associated with daily activities of the company is included in other income; that unassociated with daily activities of the company is included in non-operating income); the amortization method and period of deferred income are consistent with the amortization method and period of the corresponding asset depreciation.

If income-related government subsidy is used to compensate for relevant costs or losses afterwards, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses (if related to corporate daily activities, included in other incomes; if unrelated to corporate daily activities, included in non-operating income); if it is used to compensate for relevant costs or losses incurred by the company, it is directly included in current profits and losses (if related to corporate daily activities, included in other incomes; if unrelated to corporate daily activities, included in non-operating income).

Regarding the preferential policy loan with discounted interest obtained by the company, accounting treatment is made in following two circumstances:

(1) If the finance allocates discount-interest funds to the loan bank, and the loan bank provides loan for the company at policy-related preferential interest rate, the borrowing amount actually received is the entry value of borrowings, and relevant borrowing costs are calculated as per the borrowing principal and such policy-related preferential interest rate.

(2) If the finance directly allocates discount interest funds to the company, the company shall offset relevant borrowing costs by the corresponding discount interest.

(XXVI) Deferred income tax assets/deferred income tax liabilities

Income tax include current income tax and deferred income tax. Except for the income tax arising from the consolidation of enterprises or transactions or events directly included in the owners' equity (including other comprehensive incomes), the company includes the current income tax and deferred income tax in the current profits and losses.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference between the tax basis of assets and liabilities and their book value (temporary difference).

Deferred income tax assets are recognized by deductible temporary differences to the extent of taxable income that is very likely to be obtained in future periods to offset the deductible temporary differences. For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

For taxable temporary differences, deferred income tax liabilities are recognized, except in special circumstances.

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 consolidation of enterprises nor affect accounting profit nor taxable income (or deductible loss) when they occur.

Deferred income tax liabilities arising from taxable temporary difference related to investments in subsidiaries, associated companies and joint ventures are recognized, unless the company is able to control the time of temporary difference reversal and such temporary difference is likely not to be reversed in the foreseeable future. If the deductible temporary difference is related to investments in subsidiaries, associated companies and joint ventures, only when the temporary difference is highly likely to be reversed in the foreseeable future, and it is highly likely to obtain taxable income in the future to offset deductible temporary difference, the deferred income tax assets are recognized.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

The carrying amount of deferred income tax assets shall be reexamined on balance sheet day. If sufficient taxable income can't be obtained to deduct the benefit of the deferred income tax assets in a long term, the carrying amount of deferred income tax assets shall be written down. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities shall be reported at the net amount after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as net amount after offsetting when the following conditions are met simultaneously:

- The taxpayer holds statutory right of net settlement to the current income tax assets and current income tax liabilities;
- 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 taxpayer or related to different taxpayers, but in each future period when important deferred income tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and pay off liabilities simultaneously.

(XXVII) Leasing

Lease refers to the contract in which the lessor transfers the right of using assets to the lessee so as to obtain consideration within a certain period.

On the contract start date, the company evaluates whether a contract is lease or contains lease. If one party to the contract transfers the right of controlling one or more identified asset use rights within a certain period, this contract is lease or contains lease.

If the contract contains multiple separate leases at the same time, the company will split the contract, and conduct accounting treatment for each separate lease respectively. If the contract contains both lease and non-lease parts, the lessee and the lessor split the lease and non-lease parts.

Regarding the rent concessions such as rent reduction and deferred payment that are reached on existing lease contracts and directly caused by the COVID-19 pandemic, and meet the following conditions simultaneously, the company adopts a simplified method for all lease options, neither evaluating whether there is a lease change, nor reevaluating the lease classification:

- The lease consideration after concessions is reduced or basically unchanged compared with that before the concessions, of which lease consideration is not discounted or discounted at the discount rate before the concessions;
- The concessions are only targeted at the lease payables before 30 June 2022, the increase of lease payables after 30 June 2022 shall not affect meeting this condition, and the decrease of lease payables after 30 June 2022 shall not meet this condition;
- It is determined that other lease clauses and conditions after overall consideration of qualitative and quantitative factors are not significantly changed.

1. The company acts as a lessee

(1) Right-of-use assets

On the lease start date, the company recognizes the right-of-use assets for the leases other than short-term lease and low-value asset lease. Right-of-use assets are initially measured at cost. This cost includes:

Initial measurement amount of leasing liabilities;

- Where lease incentive exists in the lease payment paid on or before the lease start date, deduct relevant amount of lease incentive already entitled;
- Initial direct expense incurred by the company;
- The cost estimated to incur by the company for dismantling and removing lease assets, restoring the site where lease assets are located, or recovering lease assets to the state agreed in lease clauses, excluding the cost incurred for producing inventories.

The company makes provision for depreciation on the right-of-use assets by the straight-line method. If leased asset ownership can be properly determined upon expiration of lease term, the company makes provision for depreciation within the remaining service life of leased assets; otherwise, it makes provision for depreciation during the shorter of the lease term and the remaining service life of leased assets.

The company determines whether the right-of-use assets have been impaired in the principle in Note "III. (18) Impairment of long-term assets", and makes accounting treatment for the identified impairment losses.

(2) Lease liabilities

On the lease start date, the company recognizes the lease liabilities for the leases other than short-term lease and low-value asset lease. Lease liabilities are initially measured at the present value of outstanding lease payment amount. Lease payment amount includes:

- Fixed payment amount (including actual fixed payment amount), if there is lease incentive, deduct the relevant amount of lease incentive;
- Variable lease payment amount depending on index or ratio;
- Amount expected to pay according to the remaining value of guarantee provided by the company;
- The exercise price of purchase option, provided that the company reasonably determines that this option will be exercised;
- Payables to exercise the lease termination option, provided that the lease term indicates that the company will exercise the lease termination option.

The company adopts interest rate implicit in lease as the discount rate; where interest rate implicit in lease cannot be determined, the company adopts incremental borrowing rate as the discount rate.

The company calculates interest expense of lease liabilities during each period of lease term according to fixed periodic rate, and records in current profits and losses or cost of relevant assets.

Variable lease payment amount excluded from the measurement of lease liabilities is recorded in current profits and losses or relevant asset costs when it actually occurs.

After the lease start term, in the following circumstances, the company will re-measure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be further reduced, the difference is included in the current profits and losses:

• When the evaluation result of purchase option, lease renewal option or termination option is changed, or the actual exercise of the aforesaid option is inconsistent with the original evaluation result, the company shall re-measure lease liabilities according to the present value calculated as per the changed lease payment amount and revised discount rate.

• When the actual fixed payment amount, estimated payables of guarantee balance or the index or ratio depending on which the lease payment amount is determined is changed, the company re-measures the lease liabilities at the present value calculated as per the changed lease payment amount and original discount rate. Nevertheless, where the lease payment amount changes are derived from changes in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term lease and low-value asset lease

The company does not recognize right-of-use assets and lease liabilities for short-term lease and low-value asset lease, and includes relevant lease payment amount in the current profits and losses or relevant asset costs on a straight-line basis for each period of lease term. Short-term lease refers to the lease with a lease term of no more than 12 months and excludes purchase option on the lease start date. Low-value asset lease refers to the lease of lower value when individual lease assets are new assets. If the company subleases or expects to sublease the lease assets, the original lease is not identified as low-value asset lease.

(4) Lease change

If the lease is changed and the following conditions are met simultaneously, the company conducts accounting treatment of this lease change as a separate lease:

• Lease scope is expanded for this lease change by adding one or more lease asset use right;

• The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

Where accounting treatment is not conducted on lease change as a separate lease, on the effective date of lease change, the company re-allocates the consideration of contract after change, re-determines the lease term, and re-measures lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate.

If lease change causes reduced lease scope or shortened lease term, the company decreases the book value of right-of-use assets accordingly, and includes relevant gains or losses on partially or entirely terminated lease into current profits and losses. If other lease changes cause re-measurement of lease liabilities, the company adjusts the book value of right-of-use assets accordingly.

For short-term lease and low-value asset lease, the company continually includes the original contract rental fee in relevant asset costs or expenses according to the same method as before concessions. In case of rental reduction or exemption, the company regards the reduced and exempted rental fee as variable lease payment amount to offset relevant asset costs or expenses during the reduction or exemption period; in case of delayed payment of rental fee, the company recognizes the rental fee payable during the original payment period as payables, and offsets the payables recognized in the previous period during actual payment.

2. The company acts as a lessor

On the lease start date, the company divides lease into financing lease and operating lease. Financing lease refers to the lease that almost all risks and rewards associated with ownership of the leasing assets are transferred in substance, regardless of whether ownership is ultimately transferred. The term “operating lease” shall refer to a lease other than a financing lease. When the company serves as the sublease lessor, it classifies sublease based on the right-of-use assets arising from original lease.

(1) Operating lease accounting treatment

Lease receipt amount from operating leases is recognized as rental income on a straight-line basis during each period of the lease term. The company capitalizes the incurred initial direct expense related to operating lease, apportions during the lease term according to the same basis as the recognition of rental fee income and includes in the current profits and losses during the lease term. Variable lease payment that is not included in lease receipt amount is recorded in the current profits and losses when actually incurred. If operating lease is changed, the company regards it as a new lease for accounting treatment from the effective date of change, and deems as the new lease receipt amount of advance receipts or lease receivables related to the lease before change.

(2) Financial leasing accounting treatment

On the lease start date, the company recognizes financial lease receivables for financial lease and de-recognizes financial lease assets. When the company initially measures financial lease receivables, the net lease investment is regarded as the recorded value of financial lease receivables. Net lease investment is the sum of unguaranteed residual value and the present value of lease receipt amount not yet received on the lease start date discounted at the interest rate implicit in lease.

The company calculates and recognizes the interest income in each period of the lease term according to fixed periodic rate. Regarding the de-recognition and impairment of financial lease receivables, the accounting treatment is made in accordance with the Note “III. (8) Financial instruments”.

Variable lease payment that is not included in the net lease investment measurement is recorded in the current profits and losses when actually incurred.

Where financial lease changes and meets the following conditions, the company conducts accounting treatment for this change as a separate lease:

• This change expands lease scope by increasing the right of use for one or more leased assets;

• The added consideration is equivalent to the amount after adjustment of separate price in the expanded part of lease scope according to this contract.

• Where accounting treatment is not conducted for financial lease change as a separate lease, the company treats the changed lease under the following circumstances:

• Where the change takes effect on the lease start date, and this lease is classified as operating lease, the company conducts accounting treatment on it as a new lease from the effective date of lease change, and regards net lease investment amount before the effective date of lease change as the book value of leased assets;

• Where the change takes effect on the lease start date, and this lease is classified as financial lease, the company makes accounting treatment in accordance with the policy on the amendment or renegotiation of contracts in the Note “III. (8) Financial instruments”.

3. After-sales leaseback transaction

The company evaluates whether the transfer of assets in the after-sales leaseback transaction falls into sales in accordance with the principle in Note “III. (23) Income”.

(1) As the lessee

If the transfer of assets in the after-sales leaseback transaction falls into sales, as a lessee, the company measures the right-of-use assets arising from after-sales leaseback according to the relevant part of use right obtained from leaseback in the original asset book value, and recognizes relevant gains or losses only for the right transferred to the lessor; if the transfer of assets in the after-sales leaseback transaction does not fall into sales, as a lessee, the company continues to recognize the transferred assets, and recognizes a financial liability with equal amount to the transfer income. For the accounting treatment of financial liabilities, see the Note “III. (8) Financial instruments”.

(2) As the lessor

If the transfer of assets in the after-sales leaseback transaction falls into sales, as a lessor, the company makes accounting treatment on the purchase of assets, and makes accounting treatment for rental of assets in accordance with the aforesaid policy in “2. The company as the lessor”; if the transfer of assets in the after-sales leaseback transaction falls beyond sales, as a lessor, the company does not recognize the transferred assets, but it recognizes a financial asset with equal amount to the transfer income. For the accounting treatment of financial assets, see the Note “III. (8) Financial instruments”.

(XXVIII) Major accounting policy and accounting estimate changes, and error corrections

1. Changes of important accounting policies Important accounting policy changes

There is no change in accounting policies during this reporting period.

2. Important accounting estimate changes

There is no matter of changes in accounting estimates during the reporting period.

3. Previous accounting error correction

No previous accounting error correction event during the reporting period.

IV. Taxation

(I) Major taxes and tax rates

Tax categories	Tax calculation basis	Tax rate
Value added tax	The difference of the goods sales calculated as per tax law stipulations and the output tax amount calculated based on taxable labor income, after deducting the deductible input tax amount of the current period is the payable VAT.	3%、5%、6%、9%、13%
Urban maintenance and construction tax	Calculate and pay as per the actual VAT paid	5%
Education surcharge	Payable turnover tax amount	3%
Local education surcharge	Payable turnover tax amount	2%
Enterprise income tax	Calculate and pay as per the taxable income	25%

V. Notes on consolidated financial statement items

In the following note items (including main item notes of corporate financial statement),

unless otherwise specified, "the end of the period" refers to 31 December 2023, "the end of last year" refers to 31 December 2022, "the current period" refers to the year 2023, and "the last period" refers to the year 2022.

(I) Monetary fund

Items	Year-end balance	Balance at the end of last year
Cash on hand	47,909.67	38,340.35
Bank savings	25,682,070.45	110,732,258.84
Other monetary funds		290,733.12
Total	25,729,980.12	111,061,332.31

(II) Accounts receivable

1. Accounts receivable disclosed as per age

Aging	Year-end balance	Opening balance
Within 1 year (including 1 year)	81,015,812.56	493,643,791.41
1 to 2 years (including 2 years)	462,999,413.16	27,667,978.00
2 to 3 years (including 3 years)	27,557,231.00	1,279,608.42
3 to 4 years (including 4 years)	1,252,580.93	16,038,321.12
4 to 5 years (including 5 years)	14,447,015.43	599,927.65
Over 5 years	2,655,818.04	2,332,026.55
Subtotal	589,927,871.12	541,561,653.15
Less: Bad debt provision	3,086,363.74	2,734,408.85
Total	586,841,507.38	538,827,244.30

2. Classified disclosure of accounts receivable

Category	Year-end balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Provision for bad debt reserve by single item					
Provision for bad debt reserve by portfolio	589,927,871.12	100.00	3,086,363.74	0.52	586,841,507.38
Of which:					
Aging combination	589,927,871.12	100.00	3,086,363.74	0.52	586,841,507.38
Total	589,927,871.12	100.00	3,086,363.74	0.52	586,841,507.38

Continued:

Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Provision for bad debt reserve by single item					

Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Provision for bad debt reserve by portfolio	541,561,653.15	100.00	2,734,408.85	0.50	538,827,244.30
Of which:					
Aging combination	541,561,653.15	100.00	2,734,408.85	0.50	538,827,244.30
Total	541,561,653.15	100.00	2,734,408.85	0.50	538,827,244.30

Accrual portfolio item:

Name	Year-end balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Aging combination	589,927,871.12	3,086,363.74	0.52
Total	589,927,871.12	3,086,363.74	0.52

3. Bad debt reserve accrued, reversed or recovered in the current period

Category	Year-beginning balance	Amount of changes in current period				Year-end balance
		Provision	Enterprise merger change	Recovery or reversal	Write-off or write-off after verification	
Bad debt reserve	2,734,408.85	351,954.89				3,086,363.74
Total	2,734,408.85	351,954.89				3,086,363.74

4. Top 5 closing balance of receivables classified by parties in arrears

Name of company	Year-end balance		
	Accounts receivable	Percentage to total accounts receivable (%)	Bad debt reserve
Chongqing Jianfeng Construction Group Co., Ltd.	508,171,818.16	86.14	
Fengdu County Scenic Attraction Management Center	41,707,836.47	7.07	
Fengdu County Changfeng Road Maintenance Co., Ltd.	8,388,000.00	1.42	
Chongqing Changjiang River Gold Cruise Co., Ltd.	7,570,563.50	1.28	954,912.50
Wuhan Yangtze River Cruise Co., Ltd.	4,685,137.00	0.79	
Total	570,523,355.13	96.71	954,912.50

(III) Advanced payment

Aging	Year-end balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 years	7,278,996.34	97.46	6,958,182.64	97.13
1-2 years	107,000.00	1.43	30,090.00	0.42
2-3 years	30,090.00	0.40	1,000.00	0.01
Over 3 years	53,225.03	0.71	174,225.03	2.43
Total	7,469,311.37	100.00	7,163,497.67	100.00

Advance payment of Top 5 closing balance classified by advance payment objects

Prepayment object	Year-end balance	Proportion to the total ending balance of the prepayments (%)
Chongqing Xinshangshan Real Estate Development Co., Ltd.	3,000,000.00	40.16
Chongqing Zhongxian Huayi Construction Engineering Co., Ltd.	1,976,643.07	26.46
Chongqing Enhe Network Technology Co., Ltd.	1,055,000.00	14.12
Chongqing Tianhong Highway Survey and Design Co., Ltd.	771,000.00	10.32
Chongqing Fuling District Highway Engineering Supervision Co., Ltd.	320,000.00	4.28
Total	7,122,643.07	95.36

(IV) Other receivables

Items	Year-end balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	1,158,174,706.19	540,226,694.93
Total	1,158,174,706.19	540,226,694.93

1. Interests receivable

No.

2. Other receivables

(1) Disclosure by age

Aging	Year-end balance	Opening balance
Within 1 year (including 1 year)	834,725,344.21	312,583,264.5
1 to 2 years (including 2 years)	108,602,829.90	83,766,587.45
2 to 3 years (including 3 years)	77,241,359.28	75,366,278.59
3 to 4 years (including 4 years)	59,483,579.09	44,516,165.42
4 to 5 years (including 5 years)	43,643,577.45	7,808,871.33
Over 5 years	39,900,440.78	32,091,569.45
Subtotal	1,163,597,130.71	556,132,736.74
Less: Bad debt provision	5,422,424.52	15,906,041.81
Total	1,158,174,706.19	540,226,694.93

(2) Classification of other receivables by nature of funds

Nature of funds	Period-end book balance	Beginning book balance
Current capital accounts, land cancellation settlement funds	1,149,508,496.44	554,084,482.14
Margin & deposit	13,008,220.00	1,776,220.00
Expense collected and paid on behalf	817,099.61	84,372.16
Staff reserve fund	263,314.66	187,662.44
Total	1,163,597,130.71	556,132,736.74

(3) Provision for bad debt reserve

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Year-beginning balance	15,906,041.81			15,906,041.81
Year-beginning balance in the current period				
--Transfer in Phase II				
--Transfer in Phase III				
--Transfer back to Phase II				
--Transfer back to Phase I				
Provision in the current period				
Reversal in the current period	10,483,617.29			10,483,617.29
Write-off in current period				
Write-off in the current period				
Other changes				
Year-end balance	5,422,424.52			5,422,424.52

(4) Top 5 closing balance of other receivables classified by debtors

Name of company	Nature of funds	Year-end balance	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Fengdu County Sitong Highway Development Co., Ltd.	Current capital accounts	277,971,640.35	23.89	
Fengdu County Jianfeng Construction Co., Ltd.	Current capital accounts	307,768,103.82	26.45	
Chongqing Fengdu Industrial Development Group Co., Ltd.	Current capital accounts	170,000,000.00	14.61	
Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	Current capital accounts	137,413,449.46	11.81	
Fengdu County State-owned Assets Operation and Investment Group Co., Ltd.	Current capital accounts	50,185,779.18	4.31	
Total		943,338,972.81	81.07	

(V) Inventory

1. Inventory classification

Items	Year-end balance			Opening balance		
	Book balance	Inventory depreciation reserve	Book value	Book balance	Inventory depreciation reserve	Book value
Raw materials				218,495.52		218,495.52
Commodity stocks	12,798,822.51		12,798,822.51	8,908,924.99		8,908,924.99
Cost of development	1,297,347,952.89		1,297,347,952.89	856,647,952.89		856,647,952.89

Items	Year-end balance			Opening balance		
	Book balance	Inventory depreciation reserve	Book value	Book balance	Inventory depreciation reserve	Book value
Contract performance cost	1,457,468,377.24		1,457,468,377.24	2,000,319,672.25		2,000,319,672.25
Land consolidation project	5,398,829,000.00		5,398,829,000.00	5,398,829,000.00		5,398,829,000.00
Total	8,166,444,152.64		8,166,444,152.64	8,264,924,045.65		8,264,924,045.65

2. Inventory depreciation reserve

No.

(VI) Other current assets

Items	Year-end balance	Opening balance
VAT to be deducted	1,423,917.99	703,967.83
Prepaid corporate income tax	919,817.96	1,055,902.72
Total	2,343,735.95	1,759,870.55

(VII) Long-term equity investment

Invested entity	Opening balance	Increases and decreases in current period								Year-end balance	Closing balance of provision for impairment
		Additional investment	Investment reduction	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change	Declare distribution of cash dividends or profits	Provision for impairment	Others		
Associated enterprises											
Fengdu County Hongfeng Anti-drought Service Co., Ltd.	1,372,660,651.85			195,237.87						1,372,855,889.72	
Fengdu County Huifeng Water Protection Development Co., Ltd.	1,338,766,160.50			343,160.90						1,339,109,321.40	
Chongqing Qianxin Water Conservancy and Hydropower Engineering Co., Ltd.	1,517,472,391.55			93,946.99						1,517,566,338.54	
Total	4,228,899,203.90			632,345.76						4,229,531,549.66	

(VIII) Investment real estate

1. Investment real estate calculated at fair value:

Items	Housing, buildings	Land use right	Construction in process	Total
1. Balance at the end of last year	61,113,400.00			61,113,400.00
2. Changes in current period	739,800.00			739,800.00
Plus: purchase of investment real estate				
Less: investment real estate transferred out due to consolidation of enterprises				
Add: fair value change	739,800.00			739,800.00
3. Year-end balance	61,853,200.00			61,853,200.00

Basis for fair value determination: determine the fair value of investment real estate at the end of period for measurement and valuation, according to the asset appraisal report issued by Chongqing Huakang Asset Appraisal & Land Real Estate Valuation Co., Ltd. (Chong Kang Appraisal Report (2024) No.081).

2. Investment property without handling property ownership certificate

Items	Book value	Reasons for uncompleting the Property Ownership Certificate
Commercial real estate of Fengdu County cinemas	36,018,100.00	Under handling
Fengdu County sport stadium facade	25,835,100.00	Under handling
Total	61,853,200.00	

(IX) Fixed assets

1. Fixed assets and liquidation of fixed assets

Items	Year-end balance	Opening balance
Fixed assets	407,797,202.50	422,094,590.70
Fixed asset liquidation		
Total	407,797,202.50	422,094,590.70

2. Fixed assets

Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Other devices	Total
1. Original book value							
(1) Balance at the end of last year	439,647,771.78	1,593,600.50	35,177,316.73	6,004,040.46	1,603,187.45	78,122,952.93	562,148,869.85
(2) Increased amount in current period	230,120.07	86,500.00	5,846,478.44	1,154,381.72	63,486.00	1,301,590.67	8,682,556.90
— Purchase	230,120.07	86,500.00	5,846,478.44	1,154,381.72	63,486.00	1,301,590.67	8,682,556.90
— Others							
(3) Decreased amount in current period	389,917.00		1,990,895.06				2,380,812.06
— Disposal or scrap	389,917.00		1,990,895.06				2,380,812.06
— Corporate merger decreases							
— Others							
(4) Year-end balance	439,487,974.85	1,680,100.50	39,032,900.11	7,158,422.18	1,666,673.45	79,424,543.60	568,450,614.69
2. Accumulated depreciation							
(1) Balance at the end of last year	99,873,133.38	305,276.54	20,597,251.28	3,825,704.80	997,235.40	14,455,677.75	140,054,279.15
(2) Increased amount in current period	12,873,491.79	244,441.43	2,739,986.57	788,663.55	202,062.44	5,750,737.83	22,599,383.61
— Provision	12,873,491.79	244,441.43	2,739,986.57	788,663.55	202,062.44	5,750,737.83	22,599,383.61
— Others							
(3) Decreased amount in current period	104,009.70		1,896,240.87				2,000,250.57
— Disposal or scrap	104,009.70		1,896,240.87				2,000,250.57
— Corporate merger decreases							
— Others							
(4) Year-end balance	112,642,615.47	549,717.97	21,440,996.98	4,614,368.35	1,199,297.84	20,206,415.58	160,653,412.19
3. Provisions for impairment							

Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Other devices	Total
(1) Balance at the end of last year							
(2) Increased amount in current period							
— Provision							
(3) Decreased amount in current period							
(4) Year-end balance							
4. Book value							
(1) Period-end book value	326,845,359.38	1,130,382.53	17,591,903.13	2,544,053.83	467,375.61	59,218,128.02	407,797,202.50
(2) Book value at the end of last year	339,774,638.40	1,288,323.96	14,580,065.45	2,178,335.66	605,952.05	63,667,275.18	422,094,590.70

(X) Construction in process

1. Construction in progress and engineering materials

Items	Year-end balance	Opening balance
Construction in process	65,226,290.97	61,953,065.02
Engineering materials		
Total	65,226,290.97	61,953,065.02

2. Construction in process

Items	Year-end balance			Opening balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Tap water installation expense	54,000.00		54,000.00	54,000.00		54,000.00
Museum	572,756.45		572,756.45	562,230.45		562,230.45
Grand theatre	30,000.00		30,000.00	30,000.00		30,000.00
Temple fair protection and utilization facilities	2,935,062.32		2,935,062.32	2,705,329.30		2,705,329.30
Huinan tomb group	4,512,378.27		4,512,378.27	3,708,765.77		3,708,765.77
Guguan Mountain infrastructure	221,574.30		221,574.30	219,974.30		219,974.30
National fitness venue upgrading and renovation engineering	80,037.50		80,037.50	80,037.50		80,037.50
Cultural relics restoration and protection engineering of Xiaoguan Mountain Folk Culture Park	20,853,745.64		20,853,745.64	20,851,003.84		20,851,003.84
Fire-fighting engineering of Xiaoguan Mountain Folk Culture Park	2,006,196.76		2,006,196.76	2,006,196.76		2,006,196.76
Xiaoguan Mountain infrastructure	16,639,489.49		16,639,489.49	16,633,522.06		16,633,522.06
Chen Guoyong Art Museum	2,186,025.40		2,186,025.40	1,197,378.40		1,197,378.40
New Era Civilization Practice Center	419,454.63		419,454.63	334,281.63		334,281.63
Others	4,148,940.92		4,148,940.92	3,397,131.72		3,397,131.72
Wuhuo Temple engineering funds (Lin Hua)	3,712,780.00		3,712,780.00	3,712,780.00		3,712,780.00
Ancient residential engineering	4,844,833.13		4,844,833.13	4,844,833.13		4,844,833.13
Han Tomb Museum engineering	307,741.00		307,741.00	307,741.00		307,741.00
Gaojia Town paleolithic site expense	922,340.16		922,340.16	922,340.16		922,340.16

Items	Year-end balance			Opening balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Stadium repair expense	344,019.00		344,019.00	344,019.00		344,019.00
Xiaoguan Mountain environmental control engineering	18,000.00		18,000.00	18,000.00		18,000.00
Stadium sports field renovation engineering	416,916.00		416,916.00	23,500.00		23,500.00
Total	65,226,290.97		65,226,290.97	61,953,065.02		61,953,065.02

(XI) Intangible assets

Items	Software	Franchise rights	Scenic area ticket fee charge right	Total
1. Original book value				
(1) Balance at the end of last year	23,200.00	11,738,613.86		11,761,813.86
(2) Increased amount in current period			611,334,300.00	611,334,300.00
— Purchase			611,334,300.00	611,334,300.00
(3) Decreased amount in current period				
— Disposal				
— Corporate merger decreases				
— Others				
(4) Year-end balance	23,200.00	11,738,613.86	611,334,300.00	623,096,113.86
2. Accumulated Amortization				
(1) Balance at the end of last year	23,200.00	3,865,151.03		3,888,351.03
(2) Increased amount in current period		2,436,675.29	22,925,036.25	25,361,711.54
— Provision		2,436,675.29	22,925,036.25	25,361,711.54
(3) Decreased amount in current period				
— Disposal				
— Others				
(4) Year-end balance	23,200.00	6,301,826.32	22,925,036.25	29,250,062.57
3. Provisions for impairment				
(1) Balance at the end of last year				
(2) Increased amount in current period				
— Provision				
(3) Decreased amount in current period				

Items	Software	Franchise rights	Scenic area ticket fee charge right	Total
— Disposal				
(4) Year-end balance				
4. Book value				
(1) Period-end book value		5,436,787.54	588,409,263.75	593,846,051.29
(2) Book value at the end of last year		7,873,462.83		7,873,462.83

(XII) Long-term deferred expenses

Items	Opening balance	Increased amount in current period	Amortization amount in current period	Other decreased amount	Year-end balance
Decoration engineering	305,123.92	511,139.16	479,594.28		336,668.80
Total	305,123.92	511,139.16	479,594.28		336,668.80

(XIII) Deferred income tax assets/deferred income tax liabilities

1. Non-offset deferred tax assets

Items	Year-end balance		Opening balance	
	Taxable temporary difference	Deferred income tax assets	Taxable temporary difference	Deferred income tax assets
Bad debt reserve	6,969,798.68	1,742,449.67	17,101,461.08	4,275,365.27
Total	6,969,798.68	1,742,449.67	17,101,461.08	4,275,365.27

2. Deferred income tax liabilities not offset

Items	Year-end balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Fair value changes for investment real estate	50,143,148.28	12,535,787.07	49,403,348.28	12,350,837.07
Total	50,143,148.28	12,535,787.07	49,403,348.28	12,350,837.07

(XIV) Other non-current assets

Items	Year-end balance			Opening balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Infrastructure engineering and other projects	2,437,203,285.04		2,437,203,285.04	2,382,551,380.13		2,382,551,380.13
Total	2,437,203,285.04		2,437,203,285.04	2,382,551,380.13		2,382,551,380.13

(XV) Short-term loan

Items	Year-end balance	Opening balance
Credit loan	27,542,120.83	
Mortgage loan	10,000,000.00	
Guaranteed loan	116,662,364.59	10,000,000.00

Items	Year-end balance	Opening balance
Total	154,204,485.42	10,000,000.00

(XVI) Accounts payable

Items	Year-end balance	Opening balance
Equipment and engineering funds	149,868,659.23	131,145,850.38
Others	146,562.05	110,004.90
Total	150,015,221.28	131,255,855.28

Important accounts payable aged more than one year

Enterprise	Year-end balance	Reasons for outstanding or carrying over
Fengdu Landscape Management Bureau	1,696,768.00	Settlement conditions unreached
Chongqing Survey and Research Institute of Yangtze River Water Resources Commission	25,000.00	Settlement conditions unreached
Land Resources and Housing Authority	22,615,633.00	Settlement conditions unreached
Nanchang Honggutan Landscaping Engineering Co., Ltd.	2,265,747.73	Settlement conditions unreached
Total	26,603,148.73	

(XVII) Accounts received in advance

Items	Year-end balance	Opening balance
Rent	4,612,951.65	4,606,951.65
Total	4,612,951.65	4,606,951.65

(XVIII) Payroll payable

1. Staff remuneration payables

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
Short-term remuneration	4,403,038.94	53,309,653.63	52,911,785.24	4,800,907.33
Post-employment welfare - defined benefit plan		6,462,547.36	6,462,547.36	
Dismissal benefits				
Total	4,403,038.94	59,772,200.99	59,374,332.60	4,800,907.33

2. Short-term remuneration

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
(1) Salaries, bonuses, allowances and subsidies	4,149,192.46	42,748,460.38	42,643,813.12	4,253,839.72
(2) Staff welfare expenses		363,076.76	363,076.76	
(3) Social insurance charges		3,320,737.61	3,320,737.61	
Including medical insurance premium		3,135,827.61	3,135,827.61	
Injury insurance premium		184,910.00	184,910.00	
Maternity insurance premium				

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
Other insurance premiums				
(4) Housing fund		3,878,805.50	3,878,805.50	
(5) Labor union fund &employee education fund	253,846.48	2,998,573.38	2,705,352.25	547,067.61
(6) Short-term paid leave				
(7) Other short-term remuneration				
Total	4,403,038.94	53,309,653.63	52,911,785.24	4,800,907.33

3. Setting up withdrawing and deposit plan

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
Basic pension insurance premium		6,192,800.55	6,192,800.55	
Unemployment insurance premium		187,333.01	187,333.01	
Enterprise annuity payment		82,413.80	82,413.80	
Total		6,462,547.36	6,462,547.36	

(XIX) Contract liabilities

Items	Year-end balance	Opening balance
Advance receipt of undue contract performance cargo amount	1,102,163.78	1,132,522.57
Total	1,102,163.78	1,132,522.57

(XX) Taxes payable

Tax items	Year-end balance	Opening balance
Value added tax	230,674,512.04	195,044,177.84
Enterprise income tax	62,614,917.71	43,480,440.18
Individual income tax	39,930.73	88,753.00
Urban maintenance and construction tax	9,863,824.13	7,979,313.21
Education surcharge	11,568,625.04	9,682,619.53
Housing property tax	4,959.99	147,651.92
Increment tax on land value		940,545.02
Deed tax	496,788.13	496,788.13
Stamp duty	965.38	6,690.03
Other taxes	200.00	527.01
Total	315,264,723.15	257,867,505.87

(XXI) Other payables

Items	Year-end balance	Balance at the end of last year
Interests payable		
Dividends payable		
Other payables	669,332,442.51	697,386,090.05
Total	669,332,442.51	697,386,090.05

1. Interests payable

No.

2. Other payables

(1) Listing other payables by nature of the payment

Items	Year-end balance	Opening balance
Current capital accounts	658,373,842.76	688,408,978.13
Deposit and margin	7,419,213.48	8,510,873.93
Expense collected and paid on behalf	2,613,966.86	9,409.02
Others	925,419.41	456,828.97
Total	669,332,442.51	697,386,090.05

(2) Other payables of the Top 5 closing balance classified by the overdue party

Name of company	Nature of funds	Year-end balance	Proportion to total closing balance of other receivables (%)
Chongqing Gongdao Construction Co., Ltd.	Current capital accounts	117,014,000.00	17.48
Chongqing Fengdu County Traffic Construction Engineering Co., Ltd.	Current capital accounts	84,887,065.93	12.68
Chongqing Development and Investment Co., Ltd.	Current capital accounts	81,755,392.98	12.21
Fengdu County State-owned Assets Affairs Center	Current capital accounts	55,224,200.00	8.25
Fengdu County Traffic Bureau	Current capital accounts	45,867,501.22	6.85
Total		384,748,160.13	57.48

(XXII) Non-current liabilities due within one year

Items	Year-end balance	Opening balance
Long-term loans due within one year	64,363,738.71	60,175,411.53
Long-term payables due within one year	75,999,535.85	140,460,303.42
Total	140,363,274.56	200,635,714.95

(XXIII) Other current liabilities

Items	Year-end balance	Opening balance
Output VAT to be transferred	25,383.50	25,383.50
Total	25,383.50	25,383.50

(XXIV) Long-term borrowings

Items	Year-end balance	Opening balance
Mortgage loan		
Pledge borrowings		9,600,000.00
Guarantee + pledge	230,410,000.00	303,800,000.00
Guaranteed loan	216,634,712.20	76,350,000.00
Total	447,044,712.20	389,750,000.00

(XXV) Long-term accounts payable

Items	Year-end balance	Opening balance
Long-term accounts payable	50,019,334.71	29,853,006.83
Special accounts payable	1,727,778,751.72	1,495,594,612.54
Total	1,777,798,086.43	1,525,447,619.37

1. Long-term accounts payable

Items	Year-end balance	Balance at the end of last year
Haitong Hengxin Financial Leasing Co., Ltd.	23,512,225.74	
Xuzhou Hengxin Financial Leasing Co., Ltd.	26,507,108.97	
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.		29,853,006.83
Total	50,019,334.71	29,853,006.83

2. Special accounts payable

Items	Year-end balance	Balance at the end of last year
Three Gorges follow-up assistance funds	37,090,202.56	37,090,202.56
Fengdu (Xiaoguan Mountain) Ghost City Cultural Experience Museum Project	150,000.00	
River bridge protection funds	1,608,000.00	
Government bond funds—port development shore power construction funds	37,000,000.00	32,000,000.00
Special funds for salvaged cultural relics	5,470,000.00	5,470,000.00
Central infrastructure investment fund allocation	4,576,844.58	4,576,844.58
Stadium rostrum steel frame inspection expense	488,700.00	488,700.00
Other Project Fundings	43,170,667.64	39,636,798.64
Ancient residence repair and maintenance expense	1,600,000.00	1,600,000.00
Civilization practice center funds	353,922.32	353,922.32
Gao Town paleolithic site slope protection engineering	900,000.00	900,000.00
Sport stadium engineering	101,509,264.60	101,678,134.60
Other project funds	16,891,086.41	67,003,224.27
Reservoir rim transportation infrastructure engineering	98,365,339.82	98,365,339.82
Migrant relocation construction engineering	16,840,871.72	16,840,871.72
Three Gorges follow-up engineering funds	285,144,157.59	282,558,257.59
Bridge repair and construction engineering	46,722,406.28	34,334,811.41
Dangerous bridge and tunnel reinforcement engineering	29,496,859.18	25,484,845.09
Highway emergency repair and geological disaster engineering	53,237,835.79	40,779,692.70
Highway major and medium repair engineering	267,417,126.33	284,845,327.41
Highway guardrail engineering	116,303,917.49	108,137,145.50
Market town white-to-black engineering	25,920,327.32	42,312,043.62
Highway reconstruction and expansion engineering	367,014,593.02	51,495,185.65

Items	Year-end balance	Balance at the end of last year
Three-construction poverty alleviation engineering	71,461,075.84	97,085,874.11
Highway project-to-countryside engineering	74,483,427.47	64,462,343.45
Unobstructed village and road engineering	16,758,031.91	54,631,699.36
Fund allocation of the Project for Pending Transfer of Traffic Committee Surplus Allocation Funds	7,804,093.85	3,463,348.14
Total	1,727,778,751.72	1,495,594,612.54

(XXVI) Deferred income

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
Government subsidies	27,123,009.15		1,794,635.40	25,328,373.75
Total	27,123,009.15		1,794,635.40	25,328,373.75

Items involving government subsidy:

Liability item	Opening balance	Amount of subsidies added in current period	Amount included in the current profits and losses in the current period	Other changes	Year-end balance	Related to assets/revenues
Three Gorges follow-up special project	540,600.00		335,988.00		204,612.00	Assets concerned
Ship waste receiving and disposal engineering	13,246,949.37		851,147.40		12,395,801.97	Assets concerned
Follow-up funds for ship waste receiving and disposal engineering	9,466,875.00		607,500.00		8,859,375.00	Assets concerned
Monitoring equipment	201,240.00				201,240.00	Assets concerned
Sport stadium engineering	3,667,344.78				3,667,344.78	Assets concerned
Total	27,123,009.15		1,794,635.40		25,328,373.75	

(XXVII) Paid-in capital

Name of investors	Opening balance		Increase in current period	Decrease in current period	Year-end balance	
	Amount invested	The proportion (%)			Amount invested	The proportion (%)
Fengdu County State-owned Assets Affairs Center	1,000,000,000.00	100.00			1,000,000,000.00	100.00

Name of investors	Opening balance		Increase in current period	Decrease in current period	Year-end balance	
	Amount invested	The proportion (%)			Amount invested	The proportion (%)
Total	1,000,000,000.00	100.00			1,000,000,000.00	100.00

(XXVIII) Capital reserve

Items	Opening balance	Increase in current period	Decrease in current period	Year-end balance
Other capital reserves	11,757,990,891.01	611,334,300.00	40,167,793.86	12,329,157,397.15
Total	11,757,990,891.01	611,334,300.00	40,167,793.86	12,329,157,397.15

Changes in capital reserve this year:

1. Fengdu County Hongda Highway Development Co., Ltd. allocated the funds from legacy projects in previous years into the project to reduce capital reserve of RMB 40,167,793.86

2. Chongqing Fengdu Nantian Lake Scenic Area Management Co., Ltd. transferred in ticket charge right of Nantian Lake Scenic Area free of charge to increase capital reserve of RMB 611,334,300.00.

(XXIX) Other comprehensive income

Items	Opening balance	Year-end balance
Other comprehensive income	37,065,486.19	37,065,486.19
Total	37,065,486.19	37,065,486.19

(XXX) Undistributed profits

Items	Current amount	Previous amount
Undistributed profits at the end of last year before adjustment	386,296,763.23	304,427,516.82
Total adjusted undistributed profits at the beginning of year (increase +, decrease -)		
Year-beginning undistributed profit after adjustment	386,296,763.23	304,427,516.82
Plus: net profit attributable to the owner of the parent company in this period	129,491,528.15	88,032,596.86
Less: Withdrawal of statutory surplus reserve	931,590.85	2,163,350.45
Withdrawal of discretionary surplus reserve		
Withdrawal of the General Risk Reserves		
Common stock dividends payable	30,000,000.00	4,000,000.00
Others	-460,623.30	
Undistributed profit at the end of period	485,317,323.83	386,296,763.23

(XXXI) Operating incomes and operating costs

1. Operating income, operating cost

Items	Current amount		Previous amount	
	Income	Cost	Income	Cost
Main business	625,011,886.61	526,444,180.27	665,920,479.98	639,332,719.88
Other businesses	44,229,815.28	11,527,815.84	7,185,747.00	338,135.74
Total	669,241,701.89	537,971,996.11	673,106,226.98	639,670,855.62

2. Business income and cost composition

Items	Current amount		Previous amount	
	Income	Cost	Income	Cost
Tourism income	245,320,859.80	183,244,535.99	21,053,749.99	55,265,145.20
Engineering construction incomes	374,311,926.61	340,000,000.00	639,487,629.79	580,867,930.40
Cemetery tomb income	5,379,100.20	3,199,644.28	5,379,100.20	3,199,644.28
Other incomes	44,229,815.28	11,527,815.84	7,185,747.00	338,135.74
Total	669,241,701.89	537,971,996.11	673,106,226.98	639,670,855.62

(XXXII) Taxes and surcharges

Items	Current amount	Previous amount
Urban maintenance and construction tax	2,148,730.29	2,921,860.21
Education surcharge (including local education surcharge)	2,149,613.11	2,919,822.42
Property tax and land use tax	238,170.20	758,422.52
Stamp duty	46,372.34	
Increment tax on land value	6,597.44	
Other taxes	700.20	6,936.00
Total	4,590,183.58	6,607,041.15

(XXXIII) Sales expense

Items	Current amount	Previous amount
Staff salary	3,012,271.94	1,164,047.88
Depreciation and amortization expense	85.44	2,262.76
Vehicle fee	10,000.00	
Advertising expenses	2,519,681.20	147,198.00
Other expenses	68,798.30	305,673.43
Total	5,610,836.88	1,619,182.07

(XXXIV) Administrative expense

Items	Current amount	Previous amount
Staff salary	27,201,238.71	22,296,072.16
Depreciation and amortization expenses	9,590,001.71	8,353,987.74
Water electricity and gas expense	587,836.70	593,760.54
Repair fee	374,599.66	40,130.70
Business entertainment expenses	542,994.53	
Traveling expenses	1,053,627.84	422,793.37
Vehicle operating expense	194,068.11	361,665.59
Office expenses	779,939.83	793,656.22
Consulting service fee	4,543,139.90	2,321,292.49
Post and telecom expense	494,255.49	363,011.01
Trade Union Funds	1,440,171.20	

Items	Current amount	Previous amount
Property expense	1,601,588.78	99,649.02
Decoration fees		612,550.31
Rental fee	34,340.00	8,820.00
Other expenses	6,112,921.27	1,867,555.98
Total	54,550,723.73	38,134,945.13

(XXXV) Financial expense

Items	Current amount	Previous amount
Interest expense	11,055,342.90	1,907,533.65
Less: Interest income	1,132,748.67	1,265,067.65
Handling fee	482,900.31	230,506.23
Total	10,405,494.54	872,972.23

(XXXVI) Other revenues

Items	Current amount	Previous amount
Government subsidies	81,906,379.05	121,911,413.36
Total	81,906,379.05	121,911,413.36

(XXXVII) Investment income

Items	Current amount	Previous amount
Long-term equity investment incomes by equity methods	632,345.76	57,764.11
Total	632,345.76	57,764.11

(XXXVIII) Fair value change revenue

Source of profit from fluctuation of fair value	Current amount	Previous amount
Investment real estate measured at fair value	739,800.00	-17,300.00
Total	739,800.00	-17,300.00

(XXXIX) Credit impairment losses

Items	Current amount	Previous amount
Bad debt losses of accounts receivable	-351,954.89	-177,982.86
Bad debt losses of other receivables	10,483,617.29	-2,662,290.25
Total	10,131,662.40	-2,840,273.11

(XL) Non-operating income

Items	Current amount	Previous amount
Government grants irrelevant to daily activities of the enterprise	16,236.99	7,720.00
Others	892,144.35	380,248.41
Total	908,381.34	387,968.41

(XLI) Non-operating expenses

Items	Current amount	Previous amount
Scrap loss of non-current assets	54,874.71	

Items	Current amount	Previous amount
External donation expenditure	2,062,365.00	809,722.00
Inventory losses		
Fines and late fees	1,570,716.68	55,127.16
Others	1,457,604.59	6,140,272.33
Total	5,145,560.98	7,005,121.49

(XLII) Income tax expenses

1. Income Tax Expense Statement

Items	Current amount	Previous amount
Current income tax expenses	13,126,908.29	11,712,022.98
Deferred income tax expenses	2,717,865.60	-973,957.73
Total	15,844,773.89	10,738,065.25

(XLIII) Cash flow statement

1. Other cash received related to operating activities

Items	Current amount	Previous amount
Current capital accounts	291,854,242.41	1,450,768,032.99
Interest incomes	804,801.00	182,532.42
Government subsidies	81,905,046.45	113,913,783.36
Total	374,564,089.86	1,564,864,348.77

2. Other cash paid related to operating activities

Items	Current amount	Previous amount
Current capital accounts	685,699,620.29	1,672,743,251.06
Expense-based expenditures	20,840,863.12	8,168,262.89
Total	706,540,483.41	1,680,911,513.95

3. Other cash received related to financing activities

Items	Current amount	Previous amount
Non-financial institution loans	97,000,000.00	83,564,532.69
Total	97,000,000.00	83,564,532.69

4. Other cash paid related to financing activities

Items	Current amount	Previous amount
Non-financial institution borrowing and interest repayment	135,879,448.20	
Certificate of deposit used for guarantee		
Bond underwriting expense, guarantee expense and other financing expenditures	3,370,705.67	
Total	139,250,153.87	

(XLIV) Supplementary Information of Cash Flow Statement

1. Supplementary Information of Cash Flow Statement

Supplementary Information	Current amount	Previous amount
1. Regulating the Net Profits As the Cash Flows From the Operation Activities		
Net profit	129,440,700.73	87,957,616.81
Plus: credit impairment losses	10,131,662.40	-2,840,273.11
Provisions for asset impairment		
Depreciation of fixed assets	22,599,383.62	24,775,649.14
Depreciation of right-of-use assets		
Amortization of intangible assets	25,361,711.54	2,800,811.69
Amortization of Long-Term Deferred Expenses	479,594.28	192,709.92
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		
Losses of fixed asset scrapping (revenues marked with "-")	54,874.71	
Losses of fair value change (revenues marked with "-")	-739,800.00	17,300.00
Financial expenses (revenues marked with "-")	11,055,342.90	1,907,533.65
Investment losses (revenues marked with "-")		
Decrease of deferred income tax assets (increase marked with "-")	2,532,915.60	-981,557.70
Increase of deferred income tax liabilities (decrease marked with "-")	184,950.00	-4,325.00
Decrease of inventory (increase marked with "-")	88,953,854.35	443,856,739.40
Decrease of operational receivables (increase marked with "-")	178,430,961.24	1,047,758,662.64
Increase of operational payables (decrease marked with "-")	-634,229,923.49	-2,840,056,315.63
Others		
Net cash flow from operating activities	-165,743,772.12	-1,234,615,448.19
2. Important investments and financing activities which are not involved with the cash flows		
Debt conversion to capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net change situation of the cash and cash equivalents		
Ending balance of cash	25,729,980.12	111,061,332.31
Less: opening cash balance	111,061,332.31	102,163,501.54
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	-85,331,352.19	8,897,830.77

2. Composition of cash and cash equivalents

Items	Year-end balance	Balance at the end of last year
I. Cash	25,729,980.12	111,061,332.31
Of which: Cash on hand	47,909.67	38,340.35
Bank deposits ready for payment	25,682,070.45	110,732,258.84
Other monetary assets ready for payment		290,733.12
II. Cash equivalents		
Of which: Bond investments due within three months		

Items	Year-end balance	Balance at the end of last year
III. Closing balance of cash and cash equivalents	25,729,980.12	111,061,332.31
Of which: Cash and cash equivalents with restricted use by the parent company or group subsidiaries		

(XLV) Assets with limited ownership or right of use

Items	Period-end book value	Limited reasons
Intangible assets	588,409,263.75	Loan pledge
Total	588,409,263.75	

VI. Equity in other entities

(I) Interests in the subsidiaries

Composition of corporate group

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Chongqing Fengdu Mingshan Tourism (Group) Co., Ltd.	Fengdu County	152 Mingshan Road, Mingshan Sub-district, Fengdu County, Chongqing	Tourism reception services, scenic area tickets, international and domestic tourism businesses, comprehensive tourism services, arts and crafts.	79.08		Enterprise merge under the same control
Fengdu County Hongda Highway Development Co., Ltd.	Fengdu County	Pingdu Avenue East Road, Fengdu County, Chongqing (4F County Traffic Committee)	Highway construction and development services, highway toll, maintenance, greening and building materials.	100.00		Enterprise merge under the same control
Chongqing Fengdu Nantian Lake Scenic Area Management Co., Ltd.	Fengdu County	Room 1-6, Building 42, No.46, Group 3, Xiaochanggou Village, Xiannv Lake Town, Fengdu County, Chongqing	Maintenance and management of ancillary facilities in scenic area; road passenger transport and relevant ancillary services; tourism promotion planning; tourism project development; scenic area operation and management; tourism hotel operation and management; accommodation services; catering service, etc.	100.00		Enterprise merge under the same control
Fengdu County Nantian Lake Amusement Co., Ltd.	Fengdu County	Room 317, 3F, 19 Dongsheng Road, Sanhe Sub-district, Fengdu County, Chongqing	Amusement park service; small facilities and recreational activities in parks and scenic areas; leisure and entertainment product equipment rental; ship leasing; rental service.		100.00	Enterprise merge under the same control
Chongqing Huifeng International Travel Agency Co., Ltd.	Fengdu County	No. 13 Binjiang East Road, Sanhe Sub-district, Fengdu County, Chongqing	Tourism business; inbound tourism business, domestic tourism business, outbound tourism business.		100.00	Enterprise merge under the same control
Fengdu County Xingcheng Land and Housing Consolidation Construction Engineering Co., Ltd.	Fengdu County	East District of New City, Mingshan Town, Fengdu County, Chongqing	State-owned land consolidation reserve of New City Residential Quarter, Bei'an District, Fengdu County, old city renovation development and compensation resettlement, municipal infrastructure construction and development.		100.00	Enterprise merge under the same control
Chongqing Fengdu County Longjiang Water Pollution Treatment Co., Ltd.	Fengdu County	512 Xueyu Road, Nantian Lake West Road, Sanhe Sub-district, Fengdu	Garbage cleaning and salvage in stem stream and tributary waters of the Yangtze		90.00	Enterprise merge under

Name of subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
		County, Chongqing (in the Fengdu County Environmental Health Management Office Building)	River (Fengdu Waters), ship garbage and feces collection, transportation and disposal; road cleaning and garbage cleaning and transportation.			the same control
Chongqing Long River Wetland Tourism Development Co., Ltd	Fengdu County	2-2, 417 Longcheng Avenue, Sanhe Sub-district, Fengdu County, Chongqing	Tourism business, road passenger transport operation, accommodation service, catering service, domestic waterway passenger transportation, sports venue facility operation		100.00	Enterprise merge under the same control
Fengdu County Bayu Culture Investment Co., Ltd.	Fengdu County	No.42 East Section, Pingdu Avenue, Sanhe Town, Fengdu County, Chongqing	Cultural, cultural relics, sports and other project investment, development and operation using own funds.		100.00	Enterprise merge under the same control
Fengdu County Fuxi Funeral Service Co., Ltd.	Fengdu County	Luming Temple Village, Mingshan Sub-district, Fengdu County, Chongqing	Tomb site cleaning service; funeral product processing, wholesale and retail; daily groceries.		100.00	Enterprise merge under the same control
Chongqing Mingshan Travel Agency Co., Ltd.	Fengdu County	152 Mingshan Road, Mingshan Sub-district, Fengdu County, Chongqing	Tourism development project planning and consulting; travel agency service outlet tourism solicitation, consulting service; tourism goods manufacturing, sales, etiquette service.		100.00	Enterprise merge under the same control

(II) Equity in associated enterprises

Important affiliates

Name of affiliates	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for investment in joint ventures
				Direct	Indirect	
Fengdu County Hongfeng Anti-drought Service Co., Ltd.	Fengdu County	No.49 Xinwan Road, Sanhe Sub-district, Fengdu County, Chongqing	Technical service for flood control, drought resistance and disaster relief; drought resistance technology promotion and application; purchase and sales of flood control and drought resistance materials, and technical consulting service for flood control and drought resistance project.		20.00	Equity method
Fengdu County Huifeng Water Protection Development Co., Ltd.	Fengdu County	49 Xinwan Road, Sanhe Town, Fengdu County, Chongqing	Soil conservation and protection activities, soil and water conservation plan preparation, new technology introduction and promotion, flower and seedling planting and sales.		20.00	Equity method
Chongqing Qianxin Water Conservancy and Hydropower Engineering Co., Ltd.	Fengdu County	In the Chaohua Park, Sanhe Sub-district, Fengdu County, Chongqing (4F Planning Exhibition Hall)	Engineering management service, earthwork engineering construction, construction engineering machinery and equipment leasing, soil erosion prevention and control service, water pollution control, water environment pollution prevention and control service, relevant water conservancy consulting service, general mechanical equipment installation service, landscaping engineering construction, house demolition service, land consolidation service		20.00	Equity method

VII. Associated parties and associated transactions

(I) Corporate controller

Corporate controller: Fengdu County State-owned Assets Affairs Center.

(II) Corporate subsidiaries

Corporate subsidiaries are shown in “Note VI. Equity in other entities”.

(III) Associated enterprises of the company

For associated enterprises of the company, see Note “VI. Equity in other entities”

(IV) Other associated parties

No.

VIII. Commitments and contingencies

(I) Important commitments

No.

(II) Contingencies

(1) As of 31 December 2023, corporate external guarantees:

Guarantor	Guarantee	Amount guaranteed (RMB ten thousand)	Guarantee start date	Guarantee due date	Whether the guarantee has been fulfilled
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Fengdu County Urban Construction Asset Operation Co., Ltd.	8,000.00	2023-3-30	2043-3-30	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Fengdu County Xiannv Lake Water Supply Co., Ltd.	500.00	2022-9-28	2025-9-27	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Fengdu County Xiannv Lake Water Supply Co., Ltd.	600.00	2023-12-27	2026-10-27	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Fengdu County Xiaochanggou Tourism Development Co., Ltd.	800.00	2023-8-16	2026-8-26	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	21,500.00	2023-1-14	2040-1-14	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	18,000.00	2023-10-25	2033-10-25	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	8,000.00	2023-12-5	2033-12-5	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	8,000.00	2023-12-4	2033-12-4	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Fengdu Industrial Development Group Co., Ltd.	2,000.00	2023-6-28	2025-6-19	No
Chongqing Fengdu Cultural And Tourism Group Co., Ltd.	Chongqing Yedian Garden Engineering Co., Ltd.	9,500.00	2023-10-18	2026-10-17	No

IX. Notes on major items of parent company's financial statement

(I) Other receivables

Items	Year-end balance	Balance at the end of last year
Interests receivable		
Dividends receivable		
Other receivables	802,064,162.60	143,975,154.39
Total	802,064,162.60	143,975,154.39

1. Dividends receivable

No

2. Other receivables

(1) Disclosure by age

Aging	Year-end balance	Balance at the end of last year
Within 1 year (including 1 year)	799,932,603.23	143,795,967.95
1 to 2 years (including 2 years)	1,843,047.96	
2 to 3 years (including 3 years)		
3 to 4 years (including 4 years)		
4 to 5 years (including 5 years)		140,620.01
Over 5 years	1,693,962.39	1,553,342.38
Subtotal	803,469,613.58	145,489,930.34
Less: Bad debt provision	1,405,450.98	1,514,775.95
Total	802,064,162.60	143,975,154.39

(2) Provision for bad debt reserve

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Year-beginning balance	1,514,775.95			1,514,775.95
Year-beginning balance in the current period				
--Transfer in Phase II				
--Transfer in Phase III				
--Transfer back to Phase II				
--Transfer back to Phase I				
Provision in the current period				
Reversal in the current period	109,324.97			109,324.97
Write-off in current period				
Write-off in the current period				
Other changes				
Year-end balance	1,405,450.98			1,405,450.98

(3) Other receivables of Top 5 closing balance classified by debtors

Name of company	Nature of funds	Year-end balance	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Chongqing Fengdu Nantian Lake Tourism Group Co., Ltd.	Current capital accounts	263,621,234.54	32.81	
Fengdu County Sitong Highway Development Co., Ltd.	Current capital accounts	212,230,000.00	26.41	
Chongqing Fengdu Industrial Development Group Co., Ltd.	Current capital accounts	170,000,000.00	21.16	
Chongqing Jianfeng Construction Group Co., Ltd.	Current capital accounts	55,000,000.00	6.85	

Name of company	Nature of funds	Year-end balance	Proportion to total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Fengdu County State-owned Assets Operation and Investment Group Co., Ltd.	Current capital accounts	51,721,800.00	6.44	
Total		752,573,034.54	93.67	

(II) Long-term equity investment

(1) Classification of long-term equity investment

Items	Year-end balance			Balance at the end of last year		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Investment in subsidiaries	5,276,694,878.47		5,276,694,878.47	5,276,694,878.47		5,276,694,878.47
Investment in associated enterprises and joint ventures						
Total	5,276,694,878.47		5,276,694,878.47	5,276,694,878.47		5,276,694,878.47

(2) Investment in subsidiaries

Invested entity	Balance at the end of last year	Increase in current period	Decrease in current period	Year-end balance	Accrued provision for impairment in the current period	Closing balance of provision for impairment
Chongqing Fengdu Mingshan Tourism Group Co., Ltd.	5,131,705,518.11			5,131,705,518.11		
Fengdu County Hongda Highway Development Co., Ltd.	127,445,804.72			127,445,804.72		
Chongqing Fengdu Nantian Lake Scenic Area Management Co., Ltd.	17,543,555.64			17,543,555.64		
Total	5,276,694,878.47			5,276,694,878.47		

(III) Operating incomes and operating costs

Items	Current amount		Previous amount	
	Income	Cost	Income	Cost
Engineering construction incomes	374,311,926.61	340,000,000.00	639,487,629.79	580,867,930.40
Other incomes	404,295.03	938,967.01		
Total	374,716,221.64	340,938,967.01	639,487,629.79	580,867,930.40

Chongqing Fengdu Cultural And Tourism Group Co., Ltd.

(With company seal)

31 March 2024

重庆丰都文化旅游集团有限公司 5002307035

营业执照

（副 本）(5-4)

统一社会信用代码

91110102082881146K

扫描市场主体身份码了解更多登记、备案、许可、监管信息，体验更多应用服务。

名 称 中兴华会计师事务所（特殊普通合伙）

类 型 特殊普通合伙企业

执行事务合伙人 李尊农，乔久华

经营范围 许可项目：注册会计师业务；代理记账。（依法须经批准的项目，经相关部门批准后方可开展经营活动，具体经营项目以相关部门批准文件或许可证件为准）一般项目：工程管理服务；资产评估。（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）（不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

出 资 额 6871万元

成立日期 2013年11月04日

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层

中兴华会计师事务所（特殊普通合伙）

报告审验章（1）

登记机关

北京市丰台区市场监督管理局

2023年03月08日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

仅作为报告附件使用

会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市丰台区丽泽路20号院1号楼南楼20层

组织形式：特殊普通合伙

执业证书编号：11000167

批准执业文号：京财会许可〔2013〕0066号

批准执业日期：2013年10月25日

中兴华会计师事务所（特殊普通合伙）报告审核章（1）

证书序号：0014686

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

中兴华会计师事务所（特殊普通合伙） 1101020173689

发证机关：北京市财政局

二〇二一年八月十七日

中华人民共和国财政部制

中兴华会计师事务所（特殊普通合伙）备案文件

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中国证券监督管理委员会
CHINA SECURITIES REGULATORY COMMISSION

敬畏市场、敬畏法治、敬畏专业、敬畏风险、发挥合力

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索 引 号	bm56000001/2023-00002630	分　类	审计与评估机构监管对象
发布机构		发文日期	2023年02月27日
名　称	从事证券服务业务会计师事务所名录（截至2022.12.31）		
文　号		主 题 词	

从事证券服务业务会计师事务所名录（截至2022.12.31）

从事证券服务业务会计师事务所名录（截至2022.12.31）

从事证券服务业务会计师事务所名录（截至 2022. 12. 31）

序号	会计师事务所名称	通讯地址	联系电话
79	希格玛会计师事务所（特殊普通合伙）	陕西省西安市浐灞生态区浐灞大道一号外事大厦六层	029-83620980
80	新联谊会计师事务所（特殊普通合伙）	山东省济南市槐荫区兴福街道腊山河西路济南报业大厦 B 座 11 层	0531-80995542
81	信永中和会计师事务所（特殊普通合伙）	北京市东城区朝阳门北大街 8 号富华大厦 A 座 8 层	028-62922216
82	亚太（集团）会计师事务所（特殊普通合伙）	北京市丰台区丽泽路 16 号院 3 号楼 20 层 2001	0371-65336688
83	永拓会计师事务所（特殊普通合伙）	北京市朝阳区关东店北街一号（国安大厦 13 层）	010-65950411
84	尤尼泰振青会计师事务所（特殊普通合伙）	山东省青岛市市北区上清路 20 号	0532-85921367
85	浙江科信会计师事务所（特殊普通合伙）	浙江省宁波市鄞州区江东北路 317 号和丰创意广场和庭楼 10 楼	0574-87269394
86	浙江天平会计师事务所（特殊普通合伙）	杭州市拱墅区湖州街 567 号北城天地商务中心 9 幢十一层	0571-56832576
87	浙江至诚会计师事务所（特殊普通合伙）	杭州市上城区西湖大道 2 号 3 层 305 室	0579-83803988-8636
88	致同会计师事务所（特殊普通合伙）	北京市朝阳区建国门外大街 22 号赛特广场 5 层	010-85665218
89	中汇会计师事务所（特殊普通合伙）	杭州市上城区新业路 8 号华联时代大厦 A 幢 601 室	0571-88879063
90	中京国瑞（武汉）会计师事务所（普通合伙）	湖北省武汉市武昌区公正路 216 号平安金融科技大厦 11 楼	027-87318882
91	中勤万信会计师事务所（特殊普通合伙）	北京市西城区西直门外大街 112 号 10 层	010-68360123
92	中瑞诚会计师事务所（特殊普通合伙）	北京市西城区阜成门外大街 31 号 5 层 512A	010-62267688
93	中审华会计师事务所（特殊普通合伙）	天津市和平区解放北路 188 号信达广场 52 层	022-88238268-8239
94	中审亚太会计师事务所（特殊普通合伙）	北京市海淀区复兴路 47 号天行建商务大厦 20 层 2206	010-51716767
95	中审众环会计师事务所（特殊普通合伙）	武汉市武昌区东湖路 169 号 2-9 层	027-86781250
96	中天运会计师事务所（特殊普通合伙）	北京市西城区车公庄大街 9 号院五栋大楼 B1 座 1 七、八层	010-88395676
97	中喜会计师事务所（特殊普通合伙）	北京市东城区崇文门外大街 11 号新成文化大厦 A 座 11 层	010-67088759
98	中兴财光华会计师事务所（特殊普通合伙）	北京市西城区阜成门外大街 2 号 22 层 A24	0311-85927137
99	中兴华会计师事务所（特殊普通合伙）	北京市西城区阜外大街 1 号东塔楼 15 层	010-51423818
100	中证天通会计师事务所（特殊普通合伙）	北京市海淀区西直门北大街甲 43 号 1 号楼 13 层 1316-1326	010-62212990

姓 名 孙尚
Full name

性 别 男
Sex

出生日期 1990-09-11
Date of birth

工作单位 中兴华会计师事务所（特殊普通合伙）江苏分所
Work unit

身份证号码 320722199009110073
Identity card No.

证书编号： 110001670169
No. of Certificate

批准注册协会： 江苏省注册会计师协会
Authorized Institute of CPAs

发证日期： 2017年 /y 月 /m 日30 /d
Date of Issuance

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

年 /y 月 /m 日 /d

姓　　　名 陈赵君
Full name

性　　　别 女
Sex

出生日期 1992-11-23
Date of birth

工作单位 中兴华会计师事务所（特殊普通合伙）江苏分所
Working unit

身份证号码 320113199211232024
Identity card No.

中兴华会计师事务所（特殊普通合伙）

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

证书编号：
No. of Certificate 110001670593

批准注册协会：
Authorized Institute of CPAs 江苏省注册会计师协会

发证日期：
Date of Issuance 2023 年/y 01 月/m 30 日/d

年/y 月/m 日/d

Chongqing Three Gorges Bank Co., Ltd

Audit report

Daxin Shen Zi [2024] No. 8-00004

Daxin Certified Public Accountants (Special General Partnership)

WUYIGECERTIFIEDPUBLICACCOUNTANTSLLP.

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Audit report

Daxin Shen Zi [2024] No. 8-00004

All shareholders of Chongqing Three Gorges Bank Co., Ltd.:

1. Audit opinion

We have audited the financial statements of Chongqing Three Gorges Bank Co., Ltd. (hereinafter referred to as "your bank"), including the balance sheet as at December 31, 2023, the income statement, the cash flow statement, the statement of changes in shareholders' equity, and the notes to the financial statements.

In our opinion, the attached financial statements have been prepared in all material respects in accordance with the provisions of the Accounting Standards for Business Enterprises and present fairly the Bank's financial position as at December 31, 2023 and the results of operations and cash flows for the year 2023.

2. Form the basis of the audit opinion

We performed the audit in accordance with the provisions of the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these standards are further elaborated in the "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" section of the auditor's report. In accordance with the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of your firm and have fulfilled other responsibilities in terms of professional ethics.

We believe that the audit evidence we obtained was sufficient and appropriate to provide the basis for the audit opinion.

Management and governance responsibilities for the financial statements

Management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair reflection and for designing, implementing and maintaining the necessary internal controls to ensure that the financial statements are free of material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing matters relating to going concern (if applicable) and applying the going concern assumption, unless management plans to liquidate the bank, discontinue operations or have no other realistic alternative.

Governance is responsible for overseeing your bank's financial reporting process.

4. Responsibilities of certified public accountants for the audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may be the result of fraud or error and are generally considered material if they are reasonably expected to be significant, either individually or in aggregate, to affect the economic decisions made by users of the financial statements on the basis of the financial statements.

In performing our audit work in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following tasks:

(1) Identify and assess the risk of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing an audit opinion. Because fraud may involve collusion, forgery, wilful omission, misrepresentation or overriding of internal controls, the risk of failing to detect material misstatement due to fraud is higher than the risk of failing to detect material misstatement due to error.

(ii) Understand the internal controls related to the audit in order to design appropriate audit procedures, but the purpose is not to express an opinion on the effectiveness of the internal controls.

(3) Evaluate the appropriateness of management's selection of accounting policies and the reasonableness of making accounting estimates and related disclosures.

and (iv) draw conclusions on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, a conclusion is reached as to whether there are significant uncertainties about matters or circumstances that may give rise to material doubts about the Bank's ability to continue as a going concern. If we conclude that there is a material uncertainty, the auditing standards require us to bring the relevant disclosures in the financial statements to the attention of users of the statements in our audit report; If the disclosure is insufficient, we should issue a non-unqualified opinion.

Our conclusions are based on information available as of the date of the auditor's report. However, future events or circumstances may cause your bank to be unable to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities in your bank to express an audit opinion on the financial statements.

We communicate with governance on matters such as the planned audit scope, timing, and significant audit findings, including communicating the internal control deficiencies identified by us in the audit that are of concern.

Daxin Certified Public Accountants (Special General Partnership) Chinese Certified Public Accountants:

Beijing, China Chinese Certified Public Accountants:

April 9, 2024

Balance Sheet

Company name: Chongqing Three Gorges Bank Co., Ltd 2023/12/31 Unit: RMB

project	note appended	December 31, 2023	December 31, 2022
assets:			
Cash and deposits with the central bank	Six (1)	19,014,457,762.76	15,112,512,545.94
Deposits with banks and other financial institutions	Six (2)	769,187,366.67	664,407,050.74
noble metal		-	-
Open funds	Six (three)	15,575,557,902.75	20,588,522,622.50
Derivative financial assets		-	-
Redemptory monetary capital for sale	Six (four)	22,418,897,278.36	17,316,681,372.22
Assets held for sale		-	-
Loans and advances	Six (Five)	151,756,310,926.66	133,443,212,259.29
Financial investment:			
Trading financial assets	Six (6)	8,825,677,812.97	10,263,856,107.39
Debt investment	Six (Seven)	58,017,965,387.93	49,456,514,379.51
Other debt investment	Six (Eight)	20,413,173,096.82	10,903,826,335.60
Other equity instrument investments	Six (nine)	258,419,291.18	277,305,910.65
Long-term equity investment		-	-
Investment real estate		-	-
fixed assets	Six (Ten)	1,716,822,444.59	1,718,159,066.61
Construction in progress		-	-
Right-to-use assets	Six (eleven)	231,530,506.69	204,165,519.72
intangible assets	Six (twelve)	302,858,470.04	241,661,668.83
Deferred income tax assets	Six (thirteen)	1,982,283,257.59	1,595,176,365.03
other assets	Six (fourteen)	686,456,642.70	1,173,293,351.83
Total Assets		301,969,598,147.71	262,959,294,555.86

Balance Sheet (Continued)

Company name: Chongqing Three Gorges Bank Co., Ltd 2023/12/31 Unit: RMB

project	note appended	December 31, 2023	December 31, 2022
liabilities:			
Borrowing from the central bank	Six (sixteen)	5,918,567,070.04	3,722,939,346.59
Deposits from banks and other financial institutions	Six (seventeen)	6,043,276,114.29	4,639,846,173.88
Funding borrowed	Six (eighteen)	4,854,324,566.59	4,404,108,960.46
Derivative financial liabilities		-	-
Trading financial liabilities		-	-
Sales of repurchased financial assets	Six (nineteen)	23,114,314,716.98	17,548,699,040.41
Deposit taking	Six (twenty)	205,737,865,308.42	175,846,931,861.15
Employee compensation payable	Six (twenty-one)	347,972,659.78	259,019,109.22
Payable taxes and fees	Six (twenty-two)	188,853,258.23	248,743,835.90
Liabilities held for sale		-	-
Expected liabilities	Six (twenty-three)	42,146,837.59	28,272,192.89
Payable bonds	Six (twenty-four)	32,733,845,529.54	34,341,253,926.50
Within this category: Preferred Stock		-	-
Sustainable debt		-	-
Deferred income tax liabilities	Six (thirteen)	105,630,780.98	81,719,234.55
Lease liabilities	Six (twenty-five)	212,047,199.72	181,963,153.33
Other liabilities	Six (twenty-six)	367,555,908.67	477,101,137.68
Total liabilities		279,666,399,950.83	241,780,597,972.56
Shareholders' equity:			
equity	Six (twenty-seven)	5,573,974,960.00	5,573,974,960.00
Other equity instruments	Six (twenty-eight)	2,700,000,000.00	2,700,000,000.00
Including: preferred stock		-	-
Perpetual bond		2,700,000,000.00	2,700,000,000.00
Capital reserve	Six (twenty-nine)	2,969,026,526.26	2,969,026,526.26
Less: Treasury stock		-	-
Other comprehensive income	Six (thirty)	-60,319,427.60	-164,581,812.20
Surplus reserve	Six (thirty-one)	1,647,017,814.91	1,515,611,967.13
General risk reserve	Six (thirty-two)	4,195,334,231.15	3,646,951,581.28
Undistributed profit	Six (thirty-three)	5,278,164,092.16	4,937,713,360.83
Total shareholders' equity		22,303,198,196.88	21,178,696,583.30
Total liabilities and shareholders' equity		301,969,598,147.71	262,959,294,555.86

Profit Statement

Company name: Chongqing Three Gorges Bank Co., Ltd Year 2023 Unit: RMB

project	note appended	Year 2023	Year 2022
I. Operating income		5,119,357,197.56	4,606,176,711.55
Net interest income	Six (thirty-four)	4,364,584,672.77	3,953,275,981.13
Interest income		11,052,071,057.00	10,286,750,971.29
Interest expenses		6,687,486,384.23	6,333,474,990.16
Net income from handling fees and commissions	Six (thirty-five)	208,276,457.45	265,373,709.37
Fee and commission income		372,927,792.72	353,112,185.38
Service charges and commission expenses		164,651,335.27	87,738,476.01
Investment income (loss is indicated by a “-” sign)	Six (thirty-six)	457,267,335.74	122,177,391.42
Including: investment income from associated enterprises and joint ventures		-	-
Income generated from derecognition of financial assets measured at amortized cost (loss is indicated by a “-” sign)		-	-
Net exposure hedging income (loss is indicated by a "-" sign)		-	-
Income from changes in fair value (loss is indicated by a “-” sign)	Six (thirty-seven)	66,638,543.99	196,451,465.54
Exchange income (loss is indicated by a "-" sign)	Six (thirty-eight)	5,086,465.31	23,563,116.57
Other business income	Six (thirty-nine)	8,409,640.94	8,405,306.84
Asset disposal income (loss is indicated by a "-" sign)	Six (forty)	5,719,287.98	35,873,186.23
Other income	Six (forty-one)	3,374,793.38	1,056,554.45
II. Operating expenses		3,556,891,063.74	3,187,754,438.12
Tax and surcharges	Six (forty-two)	72,731,676.60	69,515,815.42
Business and management expenses	Six (forty-three)	1,675,565,950.33	1,355,294,170.48
Credit impairment loss (the reversed amount is indicated by a “-” sign)	Six (forty-four)	1,794,470,770.86	1,761,704,893.73
Asset impairment losses (the amount of reversal is indicated by a “-” sign)	Six (forty-five)	13,216,599.12	484,432.40
Other business costs		906,066.83	755,126.09
III. Operating profit (loss is indicated by a "-" sign)		1,562,466,133.82	1,418,422,273.43
Plus: non-operating income	Six (forty-six)	2,831,319.09	1,195,322.12
Less: non-operating expenses	Six (forty-seven)	5,625,770.41	5,731,322.15
IV. Total profit (total loss is indicated by a “-” sign)		1,559,671,682.50	1,413,886,273.40
Less: income tax expense	Six (forty-eight)	245,613,204.72	217,974,577.98
V. Net profit (net loss is indicated by a “-” sign)		1,314,058,477.78	1,195,911,695.42
(I) Net profit from ongoing operations		1,314,058,477.78	1,195,911,695.42
(II) Net profit from discontinued operations		-	-
VI. Net after-tax amount of other comprehensive income		104,262,384.60	-84,533,544.97
(I) Other comprehensive income that cannot be reclassified into profit or loss		-7,208,666.58	-35,440,098.24
1. Measurement of the change amount of the defined benefit plan		6,537,190.50	-
2. Other comprehensive income that cannot be transferred to profit and loss under the equity method		-	-
3. Changes in fair value of other equity instrument investments		-13,745,857.08	-35,440,098.24

4. Changes in fair value of credit risk of the enterprise itself		-	-
5. Others			
(II) Other comprehensive income that will be reclassified into profit and loss		111,471,051.18	-49,093,446.73
1. Other comprehensive income that can be converted to profit or loss under the equity method		-	-
2. Changes in fair value of other debt investments		109,359,755.50	-48,904,727.04
3. Amount of financial assets reclassified into other comprehensive income		-	-
4. Provision for credit impairment of other debt investment		2,111,295.68	-188,719.69
5. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)		-	-
6. Translation difference of foreign currency financial statements		-	-
7. Others		-	-
VI. Total comprehensive income		1,418,320,862.38	1,111,378,150.45
VII. Earnings per share:			
(I) Basic earnings per share		0.21	0.19
(II) Diluted earnings per share		0.21	0.19

statement of cash flows

Company name: Chongqing Three Gorges Bank Co., Ltd Year 2023 Unit: RMB

project	note appended	Year 2023	2022
I. Cash flow generated from operating activities:			
Net decrease in deposits with the central bank and interbank funds		-	-
Net decrease in lending funds		4,000,000,000.00	2,450,000,000.00
Net decrease in funds for resale business		-	-
Decrease in financial assets held for trading purposes		951,918,790.03	2,046,726,711.52
Net decrease in customer loans and advances		-	-
Net increase in customer deposits and interbank deposits		27,292,474,005.39	23,965,299,270.95
Net increase in borrowings from the central bank		2,194,456,614.60	-
Net increase in borrowing funds		450,000,000.00	504,397,180.00
Net increase in funds for repurchase business		5,555,296,261.81	1,302,285,963.14
Cash received for interest, handling fees and commissions		11,503,840,921.41	10,748,359,838.71
Cash received related to other operating activities		95,598,599.00	9,600,628.96
Subtotal of cash inflow from operating activities		52,043,585,192.24	41,026,669,593.28
Net increase in deposits with the central bank and interbank funds		1,149,131,788.11	825,851,956.00
Increase in financial assets held for trading purposes		-	-
Net increase in funds lent		-	-
Net increase in funds for resale business		-	-
Net increase in loans and advances to customers		20,609,889,614.08	18,655,462,331.74
Net decrease in customer deposits and interbank deposits		-	-
Net decrease in borrowings from the central bank		-	1,091,414,104.05
Net decrease in borrowing funds		-	-
Net decrease in repurchase business funds		-	-
Decrease in financial liabilities held for trading purposes		-	-
Cash paid for interest, handling fees and commissions		4,657,391,413.74	4,033,349,315.20
Cash paid to and for employees		864,256,395.80	839,670,242.86
Various taxes and fees paid		1,218,940,528.05	1,137,552,460.70
Cash paid for other activities related to operating activities		604,534,099.30	574,178,366.55
Subtotal of cash outflow from operating activities		29,104,143,839.08	27,157,478,777.10
Net cash flow from operating activities		22,939,441,353.16	13,869,190,816.18
II. Cash flow generated from investment activities:			
Cash received from investment recovery		18,463,516,274.09	14,805,115,456.30

Cash received from investment income		525,679,759.43	123,652,817.37
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,647,999.64	-
Net cash received from disposal of subsidiaries and other business units		-	-
Cash received from other investment activities		-	-
Subtotal of cash inflow from investment activities		18,994,844,033.16	14,928,768,273.67
Cash paid for investment		36,304,000,000.00	16,871,535,681.77
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets		194,647,474.77	264,088,249.95
Net cash received from subsidiaries and other business entities		-	-
Payment of other cash related to investment activities		-	-
Subtotal of cash outflow from investment activities		36,498,647,474.77	17,135,623,931.72
Net cash flow from investing activities		-17,503,803,441.61	-2,206,855,658.05
III. Cash flows from financing activities:			
Cash received from investment		-	-
Cash received from borrowing		-	-
Cash received from issuing bonds		34,557,279,809.28	39,131,545,930.00
Cash received from other financing activities		-	-
Subtotal of cash inflow from financing activities		34,557,279,809.28	39,131,545,930.00
Cash paid for debt repayment		36,152,019,691.33	43,039,302,000.00
Cash paid for distributing dividends, profits or paying interest		671,206,080.70	752,080,688.67
Cash paid for other financing activities		79,109,022.28	74,194,507.31
Subtotal of cash outflow from financing activities		36,902,334,794.31	43,865,577,195.98
Net cash flow from financing activities		-2,345,054,985.03	-4,734,031,265.98
IV. Impact of exchange rate changes on cash and cash equivalents		-2,008,952.54	-19,503,718.52
V. Net increase in cash and cash equivalents		3,088,573,973.98	6,908,800,173.63
Plus: Balance of cash and cash equivalents at the beginning of the period		30,811,650,991.10	23,902,850,817.47
VI. Balance of cash and cash equivalents at the end of the period		33,900,224,965.08	30,811,650,991.10

Statement of Changes in Stockholder Equity

Company name: Chongqing Three Gorges Bank Co., Ltd

Unit: RMB

project	Row times	Year 2023										
		equity	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	General risk preparation	Undistributed profit	Total owner's (shareholder's) equity
			preferred stock	Perpetual bond	other							
I. Year-end balance of the previous year	1	5,573,974,960.00	-	2,700,000,000.00	-	2,969,026,526.26	-	-164,581,812.20	1,515,611,967.13	3,646,951,581.28	4,937,713,360.83	21,178,696,583.30
Plus: Changes in accounting policies	2											-
Correction of prior period errors	3											-
other	4											-
II. Balance at the beginning of the year	5	5,573,974,960.00	-	2,700,000,000.00	-	2,969,026,526.26	-	-164,581,812.20	1,515,611,967.13	3,646,951,581.28	4,937,713,360.83	21,178,696,583.30
III. Increase/decrease in the current period (de	6	-	-	-	-	-	-	104,262,384.60	131,405,847.78	548,382,649.87	340,450,731.33	1,124,501,613.58
(I) Total comprehensive income	7							104,262,384.60			1,314,058,477.78	1,418,320,862.38
(II) Capital invested and reduced by the owner	8	-	-	-	-	-	-	-	-	-	-	-
1. Common stock invested by shareholders	9											-
2. Capital invested by other equity instrume	10											-
3. Amount of share-based payments recogr	11											-
4. Other	12											-
(III) Profit distribution	13	-	-	-	-	-	-	-	131,405,847.78	548,382,649.87	-973,607,746.45	-293,819,248.80
1. Withdrawal of surplus reserves	14								131,405,847.78		-131,405,847.78	-
2. Withdrawal of general risk reserves	15									548,382,649.87	-548,382,649.87	-
3. Distribution to shareholders	16										-167,219,248.80	-167,219,248.80
4. Other	17										-126,600,000.00	-126,600,000.00
(IV) Internal transfer of owner's equity	18	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves converted into share cap	19											-
2. Surplus reserves converted into share ca	20											-
3. Surplus reserves to cover losses	21											-
4. General risk provisions to offset losses	22											-
5. Carry forward the retained earnings from	23											-
6. Other comprehensive income carried for	24											-
7. Other	25											-
(IV) Others	26											-
IV. Closing balance of current period	27	5,573,974,960.00	-	2,700,000,000.00	-	2,969,026,526.26	-	-60,319,427.60	1,647,017,814.91	4,195,334,231.15	5,278,164,092.16	22,303,198,196.88

Chairman and Legal Representative:

President:

Responsible person in charge of financial and accounting work, responsible person of accounting institution:

Statement of Changes in Shareholders' Equity

Company name: Chongqing Three Gorges Bank Co., Ltd

Unit: Chinese Yuan

project	Row times	Year 2022										
		Share capital (paid in capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Surplus reserve	General risk preparation	Undistributed profits	total equity
			preferred stock	Perpetual bond	other							
1、 Year end balance of the previous year	1	5,573,974,960.00		2,700,000,000.00		2,969,026,526.26		-80,048,267.23	1,396,861,754.15	3,233,152,249.89	4,632,319,773.84	20,425,286,996.91
Add: Changes in accounting policies	2								-840,956.57		-7,568,609.09	-8,409,565.66
early error correction	3											-
other	4											-
2、 Balance at the beginning of this year	5	5,573,974,960.00	-	2,700,000,000.00	-	2,969,026,526.26	-	-80,048,267.23	1,396,020,797.58	3,233,152,249.89	4,624,751,164.75	20,416,877,431.25
3、 The amount of increase or decrease in this	6	-	-	-	-	-	-	-84,533,544.97	119,591,169.55	413,799,331.39	312,962,196.08	761,819,152.05
(1) Total comprehensive income	7							-84,533,544.97	-	-	1,195,911,695.42	1,111,378,150.45
(2) Owner's investment and reduction of ca	8	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	9											-
2. Other equity instrument holders invest ca	10											-
3. Amount of share based payments recogni	11											-
4. Other	12											-
(3) Profit distribution	13	-	-	-	-	-	-	-	119,591,169.55	413,799,331.39	-882,949,499.34	-349,558,998.40
1. Withdrawal of surplus reserve	14								119,591,169.55		-119,591,169.55	-
2. Extract general risk reserves	15									413,799,331.39	-413,799,331.39	
3. Distribution to shareholders	16										-222,958,998.40	-222,958,998.40
4. Other	17										-126,600,000.00	-126,600,000.00
(4) Internal transfer of owner's equity	18	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserves into share c	19											-
2. Surplus reserves converted into share cap	20											-
3. Surplus reserve to offset losses	21											-
4. General risk provision to offset losses	22											
5. Set the amount of changes in the benefit	23											
6. Transfer of other comprehensive income t	24											-
7. Other	25											-
(4) Other	26											
4、 Closing balance of this period	27	5,573,974,960.00	-	2,700,000,000.00	-	2,969,026,526.26	-	-164,581,812.20	1,515,611,967.13	3,646,951,581.28	4,937,713,360.83	21,178,696,583.30

董事长、法定代表人：　　行长：　　主管财会工作负责人、会计机构负责人：

Chongqing Three Gorges Bank Co., Ltd
Notes to the financial statements

(Unless otherwise specified, the amount of this note is in RMB)

One Basic information of the bank

Chongqing Three Gorges Bank Co., Ltd. (hereinafter referred to as "Three Gorges Bank", "the Bank"), formerly known as Wanxian City Commercial Bank Co., Ltd. (hereinafter referred to as "Wanxian City Commercial Bank"), was jointly invested and established on February 16, 1998 by 13 credit cooperatives in Wanxian City, 24 enterprises including Wanxian Cotton Textile Factory, and Wanxian Municipal Finance Bureau, and obtained the Business License of Enterprise Legal Person No. 20793004-5-1 issued by Wanxian Administration for Industry and Commerce, with a registered capital of RMB 100. 050,074.17 yuan. In April 1999, Wanxian City Commercial Bank was renamed "Wanzhou Commercial Bank" through the "Reply on the Change of the Name of Wanxian City Commercial Bank" (Yinfu [1999] No. 83) issued by the People's Bank of China. In February 2008, the China Banking Regulatory Commission issued the "Reply of the China Banking Regulatory Commission on the Renaming of Wanzhou Commercial Bank" (Yin Jian Fu [2008] No. 71), and changed its name to "Chongqing Three Gorges Bank Co., Ltd."

As of December 31, 2023, the registered capital of the Bank was RMB5,573,974,960.00. The Bank holds the Financial License No. B0205H250000001 issued by the Chongqing Supervision Bureau of the China Banking Regulatory Commission, and the business license of an enterprise legal person with registration number of 915001017116939742 issued by the Wanzhou District Branch of the Chongqing Administration for Industry and Commerce. Address: No. 3, Baiyan Road, Wanzhou District, Chongqing.

The main business scope of the Bank: absorbing deposits from the public; issuing short-, medium- and long-term loans; Handling domestic settlements; Handling bill discounting; issuance of financial bonds; Acting as an agent for the issuance, redemption and underwriting of government bonds; engaging in interbank lending; Foreign exchange deposits, foreign exchange loans, international settlements, interbank foreign exchange loans, acceptance and discount of foreign exchange bills, foreign exchange loans, foreign exchange guarantees, proprietary and agency foreign exchange trading (proprietary foreign exchange trading is limited to spot foreign exchange trading), credit investigation, consultation and witnessing; provide guarantees; Acting as an agent for collection and payment and insurance business; provision of safe deposit box services; Other businesses approved by the banking regulatory authority and the State Administration of Foreign Exchange (those prohibited by laws and regulations in the above scope shall not be operated; Laws and regulations stipulate that it shall be subject to examination and approval and shall not operate without approval).

As of December 31, 2023, the Bank had a total of 88 branches under the jurisdiction of Chongqing.

Two The basis on which the financial statements are prepared

(a) Preparation basis

The Bank's financial statements are prepared on a going concern basis, in accordance with the Accounting Standards for Business Enterprises - Basic Standards and specific accounting standards promulgated by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), and based on the important accounting policies and accounting estimates mentioned below.

(b) Going concern

These financial statements have been prepared on a going concern basis.

The Bank has a recent history of profitable operations and is backed by financial resources, so it is reasonable to prepare financial statements on a going concern basis.

Three Significant accounting policies and accounting estimates

(a) A statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Bank comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Bank's financial position as of December 31, 2023, operating results and cash flow for 2023.

(b) Accounting period

The Bank's fiscal year is a calendar year, i.e. from 1 January to 31 December of each year.

(c) Business cycle

The Bank operates on a normal business cycle of 12 months in one year.

(iv) The base currency of accounting

The Bank uses RMB as the base currency of accounting.

(5) Business combinations

1. Business combination under common control

If the long-term equity investment formed by the merger of enterprises under the same control is considered by the merging party by paying cash, transferring non-cash assets or assuming debts, the Bank shall take the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller as the initial investment cost of the long-term equity investment on the date of consolidation. If the merging party issues equity instruments as the consideration for the merger, the total par value of the issued shares shall be used as the share capital. The capital reserve shall be adjusted for the difference between the initial investment cost of the long-term equity investment and the carrying amount of the merger consideration (or the total par value of the issued shares); If the capital reserve is insufficient to offset the offset, the retained earnings shall be adjusted.

2.Business combinations that are not under common control

For business combinations not under common control, the cost of the merger is the sum of the assets, liabilities incurred or assumed by the purchaser to acquire control of the acquiree and the fair value of the equity securities issued. The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired in a business combination not under common control are measured at fair value at the date of acquisition. The difference between the buyer's merger cost and the acquiree's share of the fair value of the acquiree's identifiable net assets obtained in the merger is reflected in the value of goodwill. If the buyer's merger cost is less than the fair value share of the acquiree's identifiable net assets obtained in the merger, the difference between the merger cost and the fair value share of the acquiree's identifiable net assets obtained in the merger shall be included in the non-operating income for the current period.

(f) Method of preparation of consolidated financial statements

1. Scope of consolidated financial statements

The Bank includes all subsidiaries (including individual entities controlled by the Bank) in the scope of consolidated financial statements, including the enterprises controlled by the Bank, the divisible part of the investee and the structured entities.

A structured entity refers to a structure in which voting rights or similar rights are not used as a decisive factor in the design of the entity's structure (e.g., voting rights are only related to administrative matters) in determining the controlling party of the entity, and the relevant activities of the entity are governed by a contract or corresponding arrangement.

2. Unify the accounting policies of the parent and subsidiary, and unify the balance sheet date and accounting period of the parent and subsidiary

If the accounting policies or accounting periods adopted by the Bank are inconsistent with those adopted by the Bank, the financial statements of the subsidiary shall be adjusted as necessary in accordance with the accounting policies or accounting periods adopted by the Bank when preparing the consolidated financial statements.

3. Offsets in consolidated financial statements

The consolidated financial statements are based on the financial statements of the Bank and its subsidiaries, which have offset the internal transactions between the Bank and its subsidiaries and between them. The share of the subsidiary's owner's equity that does not belong to the Bank is shown as a minority interest under the item of owners' equity in the consolidated balance sheet under the item of "minority interest". The long-term equity investment held by the subsidiary of the Bank shall be regarded as treasury shares in the consolidated statements of the Bank and shall be listed as a deduction of owners' equity in the consolidated balance sheet under the item of owners' equity under the item of "minus: treasury shares".

4. Obtain accounting treatment of subsidiaries through merger

For subsidiaries acquired by a business combination under the same control, the business combination shall be deemed to have occurred at the time of the real-time control of the ultimate controller, and its assets, liabilities, operating results and cash flows shall be included in the consolidated financial statements from the beginning of the period of the merger; For subsidiaries acquired by business combination not under common control, the individual financial statements are adjusted on the basis of the fair value of identifiable net assets at the date of acquisition when preparing the consolidated financial statements.

5. Accounting treatment of disposal subsidiaries

In the case of partial disposal of the long-term equity investment in the subsidiary without loss of control, in the consolidated financial statements, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal of the long-term equity investment that has been continuously calculated since the date of acquisition or the date of consolidation shall be adjusted to the capital reserve (capital premium or equity premium), and if the capital reserve is insufficient to offset the loss, the retained earnings shall be adjusted.

If the investee loses control over the investee due to the disposal of part of the equity investment, etc., the remaining equity shall be remeasured at its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary that should be continuously calculated from the date of acquisition or the date of merger based on the proportion of the original shareholding, shall be included in the investment income for the period of loss of control, and the goodwill shall be written off. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into investment income for the current period when the control is lost.

(g) Criteria for determining cash and cash equivalents

The cash identified by the Bank in the preparation of the cash flow statement refers to the cash on hand and the deposits that can be used for payment at any time. Cash equivalents identified in the preparation of the cash flow statement refer to investments that are held for a short period of time, are highly liquid, are easily convertible into a known amount of cash, and have little risk of changes in value.

(viii) Foreign currency operations and translation of foreign currency financial statements

1. Translation of foreign currency business

For foreign currency transactions, the Bank shall record the foreign currency in the base currency equivalent to the date of the transaction. Foreign currency monetary items at the balance sheet date are translated at the spot exchange rate at the balance sheet date, and the exchange differences arising from the difference between the spot exchange rate on that date and the spot exchange rate at the time of initial recognition or the spot exchange rate on the previous balance sheet date are included in profit or loss for the current period, except for the exchange differences of foreign currency special borrowings that meet the conditions for capitalization, which are capitalized during the capitalization period and included in the cost of the relevant assets. Foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate on the date of the transaction, and the amount of the base currency of accounting is not changed. The difference between the amount in the base currency of the account and the amount in the original base currency of the account shall be treated as a change in fair value (including changes in exchange rate) and recognized as other comprehensive income at the spot exchange rate on the date of determination of fair value.

2. Translation of financial statements in foreign currencies

If the Bank's holding subsidiaries, joint ventures, associates, etc. adopt a different accounting currency than the Bank's base currency, the financial statements of the Bank shall be converted into foreign currencies before accounting and the preparation of consolidated financial statements. The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date, and the owner's equity items are translated at the spot exchange rate at the time of incurrence, except for the "undistributed profits" item. The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The difference in translation of foreign currency financial statements resulting from translation is shown below in the balance sheet under the owner's equity item and other comprehensive income. Foreign currency cash flows are translated using the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash is shown separately in the statement of cash flows. When an overseas operation is disposed of, the difference in translation of the foreign currency statement related to the overseas operation shall be transferred to the profit or loss for the current period of disposal in whole or in proportion to the disposal of the overseas operation.

(ix) Buy-and-sell and sell-back transactions

Sold assets that are committed to repurchase at a certain future date under the agreement are not derecognized on the balance sheet. The proceeds from the sale of such assets are shown in the balance sheet as "proceeds from the sale and repurchase of financial assets". The difference between the selling price and the repurchase price shall be recognized according to the effective interest rate method during the agreement period and included in the interest expense.

Conversely, assets that are resold at the time of purchase and agreed to be resold at a certain future date will not be recognized on the balance sheet. The cost of buying these assets is shown in the balance sheet as "buying and selling back financial assets". The difference between the purchase price and the resale price shall be recognized according to the effective interest rate method during the agreement period and included in the interest income.

(x) Financial instruments

1. Classification and reclassification of financial instruments

A financial instrument is a contract that forms the financial assets of one party and forms the financial liabilities or equity instruments of the other party.

(1) Financial assets

The Bank classifies financial assets that meet the following conditions as financial assets measured at amortized cost:(1) the Bank's business model for managing financial assets is to collect contractual cash flows; (2) The contractual terms of the financial asset provide that the cash flows generated on a specific date are only payments of principal and interest based on the amount of principal not paid.

The Bank classifies financial assets that meet the following conditions as financial assets measured at fair value through other comprehensive income: (1) the Bank's business model of managing financial assets is both to collect contractual cash flows and to sell the financial assets; (2) The contractual terms of the financial asset provide that the cash flows generated on a specific date are only payments of principal and interest on the basis of the outstanding principal amount.

For investments in non-tradable equity instruments, the Bank may irrevocably designate them as financial assets measured at fair value through other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

Except for financial assets classified at amortized cost and financial assets measured at fair value through other comprehensive income, the Bank classifies them as financial assets measured at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or reduced, the Bank may irrevocably designate the financial asset as a financial asset measured at fair value through profit or loss.

When the Bank changes its business model for managing financial assets, it will reclassify all affected relevant financial assets on the first day of the first reporting period following the change in business model, and will apply the future applicable method for accounting treatment from the date of reclassification, and will not make retrospective adjustments to previously recognized gains, losses (including impairment losses or gains) or interest.

(2) Financial liabilities

Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value through profit or loss; The transfer of financial assets does not meet the conditions for derecognition or continues to involve financial liabilities arising from the transferred financial assets; financial guarantee contracts that do not fall under the first two circumstances, and loan commitments at below-market interest rates that do not fall under the first situation; Financial liabilities measured at amortized cost. All financial liabilities are not reclassified.

2. Measurement of financial instruments

The Bank's financial instruments are initially recognized at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss for the current period. For other types of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not contain or do not consider material financing components, the amount of consideration that the Bank is expected to be entitled to receive shall be the initial recognition amount. The subsequent measurement of a financial instrument depends on its classification.

(1) Financial assets

(1) Financial assets measured at amortized cost. After initial recognition, the effective interest rate method is used to measure such financial assets at amortized cost. Gains or losses arising from financial assets measured at amortized cost and not in any hedging relationship are recognized in profit or loss for the current period when they are derecognized, reclassified, amortized or recognized for impairment according to the effective interest rate method.

(2) Financial assets measured at fair value through profit or loss. After the initial recognition, such financial assets (except those that are part of the hedging relationship) are

subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are recognized in profit or loss for the current period.

and (3) investments in debt instruments at fair value through other comprehensive income. After the initial recognition, the financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are recognized in profit or loss for the current period, and other gains or losses are included in other comprehensive income. When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in the profit or loss for the current period.

(4) Investments in non-trading equity instruments designated as measured at fair value through other comprehensive income. After the initial recognition, the financial assets are subsequently measured at fair value. Except for the dividends obtained (except for the part that belongs to the recovery of investment costs) are included in the current profit or loss, other related gains and losses are included in other comprehensive income, and will not be transferred to the current profit or loss subsequently.

(2) Financial liabilities

(1) Financial liabilities measured at fair value through profit or loss. This category of financial liabilities includes trading financial liabilities (including derivatives that are financial liabilities).and financial liabilities designated at fair value through profit or loss. After the initial recognition, the gains or losses (including interest expenses) arising from the change in the fair value of the trading financial liabilities are included in the profit or loss for the current period, except for hedge accounting. If a financial liability is designated as a financial liability measured at fair value through profit or loss, the amount of the change in the fair value of the financial liability caused by the change in the enterprise's own credit risk shall be included in other comprehensive income, and the change in other fair value shall be included in the profit or loss for the current period. If the impact of changes in the credit risk of the financial liability is included in other comprehensive income, which will cause or expand the accounting

mismatch in the profit or loss, the Bank will include all the gains or losses of the financial liability in the profit or loss for the current period.

(2) Financial guarantee contracts and loan commitments to lend at below-market interest rates. The financial guarantee contracts issued or concluded by the Bank include letters of credit, letters of guarantee and acceptance bills. These financial guarantee contracts provide compensation for losses suffered by the contract holder in the event that the secured party breaches the original or amended terms of the debt instrument, loan or other obligation. A loan commitment is a commitment made by the Bank to the customer to extend a loan to the customer within the commitment period and in accordance with the established contractual terms.

The Bank measures at fair value at the time of initial recognition, and subsequently measures at the higher of the amount of loss provision determined in accordance with the principle of impairment of financial instruments and the balance of the initial recognition amount after deducting the accumulated amortization amount determined by the relevant provisions of Accounting Standard for Business Enterprises No. 14 - Revenue. The Bank reports the impairment provisions for financial guarantee contracts and loan commitments in the projected liabilities. However, if an instrument contains both loans and unused commitments, and the Bank is unable to distinguish the expected credit losses arising from the loan portion and the unused commitment portion, the loss allowance for both will be reported in the loss provision of the loan, unless the aggregate loss allowance of the two exceeds the carrying balance of the loan, in which case the loss provision will be reported in the projected liability.

(3) Financial liabilities measured at amortized cost. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest rate method.

3. The Bank's method of recognizing the fair value of financial instruments

Fair value is the price that a market participant would pay to sell an asset or transfer a liability in an orderly transaction that occurred on the measurement date. If there is an active market for a financial instrument, the Bank determines its fair value based on the quotation in the active market; Quotes in an active market are prices that are easily available on a regular basis from exchanges, trade associations, pricing services, etc., and represent the prices at which market transactions actually occur in an orderly transaction. If the above conditions are not met, it is considered an inactive market. Where there is no active market for a financial instrument, valuation techniques are used to determine its fair value. Valuation techniques include reference to prices used in recent orderly transactions by market participants, reference to the current fair value of other financial instruments that are substantially identical, discounted cash flow methods, option pricing models, and valuation techniques commonly used by other market participants. In valuation, the Bank selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the underlying assets or liabilities using valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information. These valuation techniques include the use of observable inputs and/or unobservable inputs, with the preference for relevant observable inputs whenever possible.

4. Recognition basis and measurement method for the transfer of financial assets and financial liabilities

(1) Financial assets

If the financial assets of the Bank meet one of the following conditions, the recognition shall be derecognized: (1) the contractual right to receive the cash flow of the financial assets shall be terminated; (2) the financial assets have been transferred, and the Bank has transferred almost all of the risks and rewards in the ownership of the financial assets; (3) The financial asset has been transferred, and although the Bank has neither transferred nor retained almost all of the remuneration on the ownership of the financial asset, it has not retained control of the financial asset.

If the Bank neither transfers nor retains almost all of the remuneration for the ownership of the financial assets, and retains control of the financial assets, the relevant financial assets shall be recognized according to the extent of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the transfer of financial assets as a whole satisfies the conditions for derecognition, the difference between the following two amounts shall be included in the profit or loss for the current period: (1) the carrying amount of the transferred financial assets on the date of derecognition; (2) The sum of the consideration received for the transfer of financial assets and the amount corresponding to the derecognition of the cumulative amount of fair value changes originally directly included in other comprehensive income (the financial assets involved in the transfer are financial assets classified as measured at fair value through other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets as a whole shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values on the date of transfer, and then the difference between the following two amounts shall be included in the current profit or loss: (1) the carrying amount of the derecognized part on the date of derecognition; (2) The sum of the consideration received for the derecognition portion and the amount corresponding to the derecognition portion of the accumulated fair value changes originally included in other comprehensive income (the financial assets involved in the transfer are financial assets classified as measured at fair value through other comprehensive income).

When the Bank derecognizes investments in non-trading equity instruments designated as fair value measurement through other comprehensive income, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

(2) Financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Bank shall terminate the recognition of such financial liability (or such part of the financial liability).

If a financial liability (or part thereof) is derecognized, the Bank shall include the difference between its carrying amount and the consideration paid (including the non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

5. Loan contract modification

When the Bank amends or renegotiates the loan contract with the customer, resulting in a change in the cash flow of the contract, the Bank will assess whether there has been a material change in the terms of the amended contract. (1) If there is a substantial change in the terms of the contract after the amendment, the Bank will terminate the recognition of the original financial asset and recognize a new financial asset at fair value. (2) If there is no substantial change in the terms of the contract after the amendment, the modification of the contract does not lead to the derecognition of financial assets. The Bank recalculates the book balance of financial assets and recounts the relevant gains or losses in profit or loss for the current period. When recalculating the carrying balance of a new financial asset, the Bank shall determine the present value of the original effective interest rate of the financial asset (or the credit-adjusted effective interest rate of the financial asset purchased or derived from the financial asset that has incurred credit impairment) based on the renegotiated or modified contractual cash flows. In assessing whether the credit risk of the relevant financial instrument has increased significantly, the Bank compares the risk of default at the balance sheet date based on the terms of the changed contract with the risk of default at the time of initial recognition based on the terms of the original contract.

6. Asset securitization

As part of its business activities, the Bank securitizes part of its credit assets, which are generally sold to structured entities, which then issue securities to investors. For the underlying assets of credit asset securitization that meet the conditions for derecognition, the Bank will de-recognize the original financial assets and recognize the rights and interests of the structured entity obtained in the transfer as new financial assets. For credit asset securitization that fails to meet the conditions for derecognition, the original financial assets will be retained, and the funds raised from third-party investors will be treated as financing funds. For the underlying assets of credit asset securitization that meet the conditions for partial derecognition, if the Bank relinquishes control over the underlying assets, the Bank will derecognize them; Otherwise, the relevant financial assets shall be recognized according to the extent to which the Bank continues to be involved in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

7. Transfer of financial assets subject to repurchase conditions

For the transfer of financial assets subject to repurchase conditions, whether to derecognize them is determined according to the economic substance of the transaction. If the assets to be repurchased are the same or substantially the same as the transferred financial assets, and the repurchase price is fixed or the original transfer price is plus a reasonable return, the Bank will not terminate the recognition of the transferred financial assets. For those who only retain the right to repurchase the financial assets at fair value in priority after the transfer of the financial assets (in the case of the transferee selling the financial assets), the Bank will terminate the recognition of the transferred financial assets.

(xi) Methods for determining expected credit losses and accounting treatments

1. Methods for determining expected credit losses

On the basis of expected credit losses, the Bank carries out impairment accounting and recognises loss provisions for financial assets measured at amortized cost, financial assets classified as measured at fair value through other comprehensive income, loan commitments made by the Bank other than financial liabilities classified as measured at fair value through profit or loss, and financial guarantee contracts not measured at fair value through profit or loss.

The Bank assesses whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition at each balance sheet date, and divides the process of credit impairment of the financial instrument into three stages, and adopts different accounting treatment methods for the impairment of the financial instrument at different stages: (1) In the first stage, if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Bank measures the loss provision according to the expected credit loss of the financial instrument in the next 12 months; and calculate interest income based on its book balance (i.e. before deducting impairment provisions) and effective interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Bank shall measure the loss provision according to the expected credit loss of the financial instrument throughout the duration of the financial instrument, and calculate the interest income according to its book balance and effective interest rate; (3) In the third stage, if credit impairment occurs after initial recognition, the Bank measures the loss provision according to the expected credit loss of the financial instrument over the entire duration, and calculates the interest income according to its amortized cost (book balance minus impairment provision) and the effective interest rate.

In measuring the credit impairment of financial instruments, the Bank takes into account the following factors in assessing whether there is a significant increase in credit risk: significant changes in internal price indicators caused by changes in credit risk, significant changes in the actual or expected external credit ratings of financial instruments, businesses that are expected to lead to significant changes in the borrower's ability to meet its debt repayment obligations, adverse changes in financial or external economic conditions, significant changes in the actual or expected results of the borrower's operations, significant increases in the credit risk of other financial instruments issued by the same borrower, Overdue information, etc.

For financial instruments with lower credit risk at the balance sheet date, the Bank may directly assume that the credit risk of the instrument has not increased significantly since the initial recognition without comparing the credit risk with the credit risk at the time of initial recognition.

A financial instrument is considered to have a low credit risk if the risk of default is low, the debtor's ability to meet its contractual cash flow obligations in the short term is strong, and adverse changes in the economic situation and business environment over a longer period of time do not necessarily reduce the borrower's ability to meet its contractual cash flow obligations.

2. Accounting treatment of expected credit losses

In order to reflect the change in the credit risk of financial instruments since the initial recognition, the Bank remeasures the expected credit losses at each balance sheet date, and the amount of the increase or reversal of the resulting loss provision shall be included in the current profit or loss as an impairment loss or gain, and according to the type of financial instrument, The carrying amount of the financial asset as shown in the balance sheet is offset or included in the projected liability (loan commitment or financial guarantee contract) or included in other comprehensive income (debt investment at fair value through other comprehensive income). For financial assets purchased or originated with credit impairment, the Bank only recognises the cumulative change in expected credit losses over the entire duration since initial recognition as a loss provision at the balance sheet date, and calculates interest income based on its amortized cost and credit-adjusted effective interest rate.

The models and assumptions used in the measurement of expected credit losses are detailed in note "VII. Risks associated with financial instruments (I) 2".

(xii) fixed asset

1. Conditions for recognition of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of services, leasing or operation and management, and have a useful life of more than one fiscal year. At the same time, it will be recognized when the following conditions are met: the economic benefits related to the fixed assets are likely to flow into the enterprise; The cost of the fixed asset can be reliably measured.

2. Classification and depreciation methods of fixed assets

The fixed assets of the Bank are mainly divided into: buildings and buildings, machinery and equipment, transportation equipment and other equipment, etc.; The depreciation method uses the average life method. According to the nature and use of various types of fixed assets, the useful life and estimated net residual value of fixed assets are determined. At the end of the year, the useful life, estimated net residual value and depreciation method of fixed assets are reviewed, and if there is a difference from the original estimate, adjustments are made accordingly. Except for fixed assets that have been fully depreciated and continue to be used and land that is separately valued and recorded, the Bank provides depreciation for all fixed assets.

Asset class	Estimated service life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20 years, 40 years	5%	4.75%、2.375%
Machinery and equipment	5 years	5%	19.00%
Transportation equipment	8 years	5%	11.875%
Other equipment	5 years	5%	19.00%

(xiii) Construction in progress

Construction in progress is measured at the cost actually incurred. Actual costs include construction costs, installation costs, and other expenses necessary to bring the work in progress to its intended useable condition. When the construction in progress reaches the intended usable state, it is transferred to fixed assets and depreciation begins to accrue from the following month.

(xiv) intangible asset

Intangible assets refer to identifiable non-monetary assets owned or controlled by the Bank that do not have a physical form, including land use rights, patent rights, non-patented technologies, trademark rights, copyrights, etc.

Intangible assets are initially measured at cost. The actual cost of the purchased intangible assets is based on the actual price paid and related expenses. The actual cost of the intangible assets invested by the investor shall be determined according to the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, the actual cost shall be determined according to the fair value.

The Bank analyzes and judges the useful life of intangible assets when they are acquired, and classifies them into intangible assets with limited useful life and indefinite useful life.

Intangible assets with a limited useful life shall be amortized using the straight-line method during their useful lives, and at the end of the year, the useful life and amortization method of intangible assets shall be reviewed, and if there is a difference from the original estimate, corresponding adjustments shall be made.

Intangible assets with an indefinite useful life are not amortized. The useful life of intangible assets with an indefinite useful life is reviewed in each accounting period, and when there is conclusive evidence that the useful life is limited, the useful life is estimated and amortized on a straight-line basis.

(xv) Long-term amortized expenses

The Bank's long-term amortized expenses refer to the expenses that have been paid but have a benefit period of more than one year (excluding one year). Long-term amortized expenses are amortized in installments based on the benefit period of the expense item. If the long-term amortized expense item cannot benefit the subsequent accounting period, the amortized value of the item that has not yet been amortized shall be transferred to the current profit or loss.

(xvi) Bonded assets

In the event of recovery of impaired loans and advances, the Bank may recover title to the collateral through legal proceedings or voluntary surrender of ownership by the borrower. If the Bank intends to liquidate the assets in accordance with the regulations and no longer requires the borrower to repay the loan, the assets will be recognized. Financial assets are recorded at fair value, and the relevant taxes and fees payable for the acquisition of the assets, the litigation costs advanced and the outstanding taxes and fees paid for the acquisition of the assets are included in the current profit or loss or the initial recorded value respectively according to the type of financial assets. The initial recognition of non-financial assets shall be recorded at the fair value of the waived claims as a cost, and the relevant transaction costs such as taxes payable for the acquisition of the bonded assets, advance litigation costs, and outstanding taxes and fees paid for the acquisition of the bonded assets shall be included in the initial recorded value.

(17) Asset impairment

If there is an indication of impairment of long-term assets such as fixed assets, construction in progress and intangible assets at the balance sheet date, the impairment test shall be conducted. If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, 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 expected future cash flows. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

Goodwill, which is shown separately in the financial statements, whether or not there is an indication of impairment, is tested for impairment at least annually. In the impairment test, the carrying amount of goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the apportioned goodwill is lower than its carrying amount, the corresponding impairment loss shall be recognized. The amount of impairment loss is first offset against the carrying amount of the goodwill allocated to the asset group or combination of asset groups, and then the carrying amount of other assets is offset proportionally according to the proportion of the carrying amount of other assets other than goodwill in the asset group or portfolio of asset groups.

Once the impairment loss of the above-mentioned assets is recognized, the part of the value that can be recovered will not be reversed in subsequent periods.

(xviii) Employee compensation

Employee remuneration refers to various forms of remuneration or compensation given by the Bank for obtaining services provided by employees or terminating labor relations. Employee compensation mainly includes short-term compensation, post-employment benefits, severance benefits and other long-term employee benefits.

1. Short-term compensation

During the accounting period in which employees provide services to the Bank, the actual short-term remuneration incurred shall be recognized as a liability and included in the profit or loss for the current period, except for those required or permitted by other accounting standards to be included in the cost of assets. The employee welfare expenses incurred by the Bank shall be included in the profit or loss for the current period or the cost of relevant assets according to the actual amount incurred when actually incurred. If the employee benefit is a non-monetary benefit, it shall be measured at fair value. The social insurance premiums such as medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums and housing provident fund paid by the Bank for employees, as well as the trade union funds and employee education funds withdrawn in accordance with the regulations, shall be calculated and determined according to the prescribed basis and proportion of the employees' remuneration during the accounting period in which the employees provide services, and the corresponding liabilities shall be recognized and included in the current profit or loss or the cost of related assets.

2. Post-employment benefits

The Bank classifies post-employment benefit plans into defined contribution plans and defined benefit plans. A defined deposit and withdrawal plan is a post-employment benefit plan in which the Bank is no longer obligated to make further payments after depositing a fixed fee with an independent fund. A defined benefit plan is a post-employment benefit plan in addition to a defined contribution plan. The post-employment benefits of the Bank's defined deposit and withdrawal plan are mainly basic endowment insurance, enterprise annuity and unemployment insurance paid for employees. Post-employment benefits that fall under defined benefit plans are primarily supplemental retirement benefits.

During the accounting period in which the employee provides services, the amount payable calculated according to the set deposit and withdrawal plan is recognized as a liability and included in the profit or loss for the current period or the cost of related assets.

According to the formula determined by the expected accrued benefit unit method, the Bank attributes the benefit obligations arising from the defined benefit plan to the period during which the employee provides services, and includes it in the profit or loss for the current period or the cost of related assets. Recognize and measure other long-term net liabilities or net assets for employee benefits in accordance with the relevant provisions of the defined benefit plan.

(1) Basic endowment insurance

The employees of the Bank participate in the basic social endowment insurance organized and implemented by the local labor and social security departments. The Bank shall pay the endowment insurance premiums to the local social basic endowment insurance agency based on the payment base and proportion of the social basic endowment insurance stipulated by the local government. The above-mentioned social basic endowment insurance shall be included in the profit or loss for the current period in the accounting period in which the employee provides services. After the retirement of employees, the labor and social security departments of various localities shall pay basic social pensions to retired employees.

(2) Supplemental retirement benefits

The Bank provides retired employees with supplementary retirement benefits outside the insurance system stipulated by the state, and such supplementary retirement benefits belong to defined benefit plans. The Bank's obligations in respect of supplemental retirement benefits are calculated by an actuarial estimate of the amount of the Bank's commitment to employees to pay their post-retirement benefits. The present value of this benefit is determined by reference to the yield of the Chinese government bonds at the balance sheet date with a maturity date similar to that of the Bank's obligations. Service expenses and net interest income and expenditure related to supplementary retirement benefits are recognized in profit or loss for the period in which they are incurred, while changes resulting from the remeasurement of liability for supplementary retirement benefits are recognized in other comprehensive income. The liability for supplemental retirement benefits recognized in the balance sheet is the present value of the obligation to supplement retirement benefits minus the fair value of the plan assets.

3.Severance benefits

When the Bank provides severance benefits to employees, the liabilities arising from the severance benefits shall be recognized as early as possible and included in the profit or loss for the current period as soon as possible: when the Bank cannot unilaterally withdraw the severance benefits provided due to the termination of labor relations plan or the reduction proposal; When the Bank recognises costs or expenses associated with a restructuring involving the payment of severance benefits.

Employee internal retirement plans are treated in the same way as the severance benefits described above. The Bank will include the wages and social insurance premiums to be paid by the retired employees during the period from the cessation of service to the normal retirement date of the employees in the profit or loss (dismissal benefits) for the current period when the conditions for recognition of the estimated liabilities are met.

4.Other long-term employee benefits

Other long-term employee benefits provided by the Bank to employees that meet the conditions for setting up a deposit and withdrawal plan shall be handled in accordance with the provisions of the relevant set deposit and withdrawal plan; In addition, other long-term net liabilities or net assets for employee benefits are recognized and measured in accordance with the relevant provisions of the defined benefit plan.

(xix) Projected liabilities

An obligation relating to a contingency is recognized as a projected liability when it is a current obligation undertaken by the Bank, the performance of which is likely to result in an outflow of economic benefits, and the amount of which can be reliably measured. The Bank initially measures the best estimate of the expenditure required to meet the relevant current obligation, and if there is a contiguous range of expenditure within which the likelihood of the outcomes is the same, the best estimate is determined by the middle of that range; In the case of multiple projects, the best estimate is determined based on the various possible outcomes and the relevant probability calculations.

The carrying amount of the projected liability shall be reviewed at the balance sheet date, and if there is conclusive evidence that the carrying amount does not truly reflect the current best estimate, the carrying amount shall be adjusted in accordance with the current best estimate.

(20) Preferred shares, perpetual bonds and other financial instruments

1. Classification of financial liabilities and equity instruments

Preferred shares, perpetual bonds (e.g. long-term medium-term notes with rights), stock options, convertible corporate bonds, etc., issued by the Bank are classified as financial liabilities or equity instruments according to the following principles:

(1) Settlement by delivery of cash, other financial assets, or exchange of financial assets or financial liabilities. If the Bank cannot unconditionally refrain from delivering cash or other financial assets to meet a contractual obligation, the contractual obligation qualifies as a financial liability.

(2) Settlement through its own equity instruments. If the financial instrument issued is to be settled or can be settled with the Bank's own equity instruments as a substitute for cash or other financial assets, the instruments are financial liabilities of the Bank; The instrument is an equity instrument of the Bank if it is for the holder of the instrument to enjoy the residual equity in the assets after deducting all liabilities from the Bank.

(3) A distinction should be made between derivative and non-derivative instruments for the classification of financial instruments that will be settled or can be settled with the Bank's own equity instruments in the future. For non-derivative instruments, if the Bank, as the issuer, is not obligated to deliver a variable number of its own equity instruments for settlement in the future, the non-derivative instruments are equity instruments; Otherwise, the non-derivative instrument is a financial liability. For derivatives, if the Bank, as the issuer, can only settle by exchanging a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets, the derivative is an equity instrument; If the Bank exchanges a fixed amount of its own equity instruments for a variable amount of cash or other financial assets, or a variable amount of its own equity instruments for a fixed amount of cash or other financial assets, or a variable amount of its own equity instruments for a variable amount of cash or other financial assets if the conversion price is not fixed, the derivative instrument shall be recognized as a financial liability or financial asset.

2. Accounting treatment of preferred shares and perpetual bonds

The Bank accounts for financial instruments classified as financial liabilities in the account of "bonds payable", and the accounting treatment of interest accrual and adjustment of book interest adjustment during the life of the instrument shall be accounted for in accordance with the provisions of the Standards for Recognition and Measurement of Financial Instruments on the subsequent measurement of financial liabilities at amortized cost. For the Bank classified as equity instruments, the Bank accounts for "other equity instruments", and distributes dividends (including interest generated on instruments classified as equity instruments) during the existence period as profit distribution.

(21) Consignment business

When the Bank conducts business activities in a fiduciary capacity, such as a custodian or agent, the assets arising therefrom and the obligation to repay such assets to customers are not included in the balance sheet.

Asset custody business refers to the business in which the Bank acts as the custodian with the approval of the relevant regulatory authorities, signs an asset custody agreement with the client in accordance with relevant laws and regulations, and performs the relevant duties of the custodian. Since the Bank only performs its custodian duties and charges the corresponding fees in accordance with the custodian agreement, and does not bear the risks and rewards arising from the investment in the custodian assets, the custodian assets are recorded as off-balance sheet items.

The Bank disburses the entrusted loan on behalf of the consignor and records it off-balance-sheet. The Bank disburses the entrusted loan to the borrower in accordance with the instructions of the principal providing the funds in the capacity of the trustee. The Bank contracts with these principals to manage and recover loans on their behalf. The criteria for the issuance of the entrusted loan and all the conditions, including the purpose of the loan, the amount, the interest rate and the repayment arrangement, etc., are determined by the principal. The Bank charges a fee for the management activities related to these entrusted loans, and the revenue is recognized on an average basis during the period of service provisioning. The risk of loss of the entrusted loan shall be borne by the consignor.

(xxii) Principles and methods for recognition of income and expenditure

Income is the total inflow of economic benefits generated by the Bank in the course of its daily activities that result in an increase in shareholders' equity and are not related to the capital invested by shareholders.

1.Interest income and interest expense

The Bank's interest income and interest expense are the interest income and expenses arising from financial assets and financial liabilities measured at amortized cost and measured at fair value through other comprehensive income recognized under the effective interest rate method. Interest income is calculated and determined based on the book balance of financial assets multiplied by the effective interest rate, except in the following circumstances: (1) For financial assets purchased or originated that have incurred credit impairment, the Bank shall calculate and determine the interest income based on the amortized cost of the financial assets and the credit-adjusted effective interest rate from the initial recognition. (2) For financial assets that have not been acquired or incurred at the source of credit impairment, but have become credit impaired in subsequent periods, the Bank shall calculate and determine their interest income in the subsequent period according to the amortized cost and effective interest rate of the financial assets.

2.Fee and commission income

The fees and commissions charged by the Bank for continuously providing services to customers for a certain period of time are recognized as revenue in accordance with the performance progress of the corresponding period, and other fees and commissions are recognized at the completion of the relevant transaction.

(xxiii) Deferred tax assets and deferred tax liabilities

The Bank calculates and recognizes deferred tax assets or deferred tax liabilities based on the difference between the carrying amount of the assets and liabilities and their tax basis (if the tax basis of the items not recognized as assets and liabilities can be determined in accordance with the provisions of the tax law, the tax basis shall be determined as the difference), and the applicable tax rate during the period when the assets are expected to be recovered or the liabilities settled.

The recognition of deferred tax assets is limited to the amount of taxable income that is likely to be obtained to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in future periods to offset the deductible temporary differences, the deferred tax assets that have not been recognized in the previous accounting period shall be recognized. If there is a high probability that sufficient taxable income will not be available in future periods to offset the deferred tax assets, the carrying amount of the deferred tax assets will be written down.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries and associates, unless the Bank has control over the timing of reversal of temporary differences and it is likely that such temporary differences will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries and associates when the temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

(xxiv) lease

1. Accounting for leased assets

On the commencement date of the lease term, the Bank recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense respectively during the lease term.

The Bank adopts a straight-line approach for each period of the lease term, and the lease payments for short-term leases and leases of low-value assets are included in the current expenses.

(1) Right-of-use assets

Right-of-use assets refer to the right of the lessee to use the leased assets during the lease period. On the start date of the rental period. Right-of-use assets are initially measured at cost. This cost includes: (1) the initial measurement amount of the lease liability; (2) If there is a lease incentive for the lease payment paid on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; (3) the initial direct costs incurred by the lessee; and (4) the costs expected to be incurred by the lessee to dismantle and remove the leased assets, restore the premises where the leased assets are located, or restore the leased assets to the state agreed in the lease terms.

The depreciation of the Bank's right-of-use assets is classified and calculated by the average life method. If it can be reasonably determined that the ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be accrued during the expected remaining useful life of the leased asset; If it is not reasonably certain that ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be accrued during the period between the lease term and the remaining useful life of the leased asset.

In accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 8 - Asset Impairment, the Bank determines whether the right-of-use assets have been impaired and carries out accounting treatment.

(2) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments that remain unpaid at the start date of the lease term. The amount of lease payment includes: (1) the fixed amount of payment (including the amount of substantial fixed payment), and if there is a lease incentive, the relevant amount of the lease incentive shall be deducted; (2) variable lease payments that depend on an index or ratio; (3) the amount expected to be paid based on the residual value of the guarantee provided by the lessee; (4) the exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised; (5) the amount to be paid for exercising the termination option, provided that the lease term reflects that the lessee will exercise the termination option;

The Bank uses the interest rate embedded in the lease as the discount rate; If the interest rate embedded in the lease cannot be reasonably determined, the Bank's incremental borrowing interest rate shall be used as the discount rate. The Bank calculates the interest expense of the lease liabilities for each period of the lease term at a fixed periodic interest rate, and includes it in the profit or loss for the current period or the cost of related assets. This cyclical rate refers to the discount rate or revised discount rate used by the company.

Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss for the current period when they are actually incurred.

When there is a change in the Bank's assessment of the lease renewal option, lease termination option or purchase option, the lease liability will be remeasured at the present value calculated based on the changed lease payment amount and the revised discount rate, and the carrying amount of the right-of-use assets will be adjusted accordingly. When there is a change in the amount of the actual lease payment, the amount expected payable for the residual value of the guarantee, or the amount of variable lease payments depending on the index or ratio, the lease liability is remeasured at the present value calculated at the changed lease payment and the original discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly.

2. Accounting for leased assets

(1) Accounting treatment of operating leases

The Bank adopts the straight-line method to recognize the lease receipts from operating leases as rental income during each period of the lease term. The Bank capitalises the initial direct expenses incurred in connection with the operating lease and accrues them to the current income during the lease term on the same basis as the rental income.

(2) Accounting treatment of financial leases

On the lease commencement date, the Bank recognises the difference between the sum of the unsecured residual value of the financial lease receivable and its present value as unrealized financing income, which shall be recognized as lease income in each period in which the rent is received in the future. The initial direct expenses incurred by the Bank in connection with the leasing transaction shall be included in the initial recorded value of the financial lease receivable.

(xxv) Government subsidy

The government grants received by the Bank from the government are generally classified as asset-related government grants or income-related government grants.

Government grants related to assets are recognized as deferred income. The amount recognized as deferred income shall be included in the profit or loss for the current period in installments in accordance with a reasonable and systematic method during the useful life of the relevant asset. Among them, those related to the daily activities of the Bank shall be included in other income, and those that are not related to the daily activities of the Bank shall be included in non-operating income.

The government subsidies related to earnings shall be treated as follows: if they are used to compensate the Bank for relevant expenses or losses in subsequent periods, they shall be recognized as deferred income and shall be included in the profit or loss for the current period during the period in which the relevant expenses are recognized. If it is used to compensate for the relevant expenses or losses incurred by the Bank, it shall be directly included in the profit or loss for the current period. When included in the profit or loss for the current period, the government subsidies related to the daily activities of the Bank shall be included in other income; Government subsidies unrelated to the Bank's daily activities are included in non-operating income.

4. Explanation of changes in major accounting policies, changes in accounting estimates and correction of errors

(a) Explanation of changes in key accounting policies

1. Changes in accounting policies and their basis

In 2022, the Ministry of Finance issued the Notice on Printing and Distributing the Interpretation No. 16 of Accounting Standards for Business Enterprises ("Interpretation No.

16"). On January 1, 2023, the Company implemented the relevant provisions of Interpretation No. 16 on the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction that are not subject to the initial recognition exemption, and adjusted the relevant content of the accounting policy.

According to the regulations, the Company recognizes the taxable temporary differences and deductible temporary differences of equal amount arising from the lease transactions on the lease period commencement date in which the lease liabilities are initially recognized and included in the right-of-use assets, and the Company recognizes them as deferred tax liabilities and deferred tax assets. The Company adjusts the amount of retained earnings and other relevant items in the financial statements at the beginning of the year of the first execution based on the cumulative impact of the first execution, and retrospectively adjusts the information for comparable periods.

2. Impact of changes in accounting policies

The impact of the relevant provisions on the accounting treatment of the deferred income tax related to assets and liabilities arising from a single transaction that is not subject to the initial recognition exemption in Interpretation No. 16 on the items of the balance sheet is summarized as follows:

Balance sheet items	Balance as at December 31, 2022 before the change	Amount of impact	Balance as of January 1, 2023 after the change
Asset:			
Deferred tax assets	1,549,685,576.70	45,490,788.33	1,595,176,365.03
Liability:			
Deferred tax liabilities	30,677,854.62	51,041,379.93	81,719,234.55
Shareholders' Equity:			
Surplus reserve	1,516,167,026.29	-555,059.16	1,515,611,967.13
Undistributed profits	4,942,708,893.27	-4,995,532.44	4,937,713,360.83

The impact of the above accounting policy changes on the items in the 2022 income statement is summarized as follows:

Income statement items	Before the change	Amount of impact	After the change
Income tax expense	220,833,552.04	-2,858,974.06	217,974,577.98
Net profit	1,193,052,721.36	2,858,974.06	1,195,911,695.42

Five Taxes

(a) Major types of taxes and rates

Tax	Tax base	rate
Corporate income tax	Taxable income	25%
vat	Taxable business income	6%、3%
Urban Maintenance Construction Tax	The actual turnover tax paid	7%、5%
Educational fee surcharge	The actual turnover tax paid	3%
Local education fee surcharge	The actual turnover tax paid	2%

Note 1: Taxable business income includes loan interest income, income from transfer of financial products, fee and commission income, current income of some financial institutions and other operating income.

Note 2: Before the newly opened small and micro sub-branches of the Bank are registered as general VAT taxpayers, they shall pay VAT at the rate of 3% for small-scale taxpayers.

(b) Important tax incentives and approvals

1.Preferential VAT tax policies

(1) Interest income from treasury bonds, local government bonds and interbank transactions is exempt from VAT

According to the notice of the Ministry of Finance and the State Administration of Taxation on comprehensively launching the pilot project of replacing business tax with value-added tax (CS [2016] No. 36), starting from May 1, 2016, the pilot project of replacing business tax with value-added tax (hereinafter referred to as "replacing business tax with value-added tax") will be fully launched nationwide, of which the financial industry will be included in the scope of the pilot, and the payment of business tax will be changed to the payment of value-added tax. At the same time, it stipulates that the income of financial institutions such as treasury bonds, local bonds, interbank loans, and rediscount business as of December 31, 2017 is exempt from VAT; After the loan is issued, the uncollected interest receivable incurred within 90 days from the interest settlement date shall be subject to VAT in accordance with the current regulations, and the uncollected interest receivable incurred after 90 days from the interest settlement date shall not be subject to VAT for the time being, and the VAT shall be paid according to the regulations when the interest is actually received. The Bank will transfer the uncollected interest receivable from the on-balance sheet to the off-balance sheet accounting after 90 days from the interest settlement date, and will not pay VAT for the time being, and will pay VAT according to the regulations when the interest is actually received.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Further Clarifying the Relevant Policies for the Financial Industry in Comprehensively Promoting the Pilot Program of Replacing Business Tax with VAT (CS [2016] No. 46), the Bank's pledged purchase and resale of financial products and holding policy financial bonds as interest income from financial interbank transactions are exempt from VAT.

According to the Supplementary Notice of the Ministry of Finance and the State Administration of Taxation on the VAT Policies for Interbank Transactions of Financial Institutions (CS [2016] No. 70), the Bank's interbank deposits, interbank loans, interbank payments, outright purchase and resale of financial products, financial bonds and interbank certificates of deposit are exempt from VAT; Funds transactions with the People's Bank of China, such as the purchase of central bank bills, currency swaps and currency mutual deposits with the central bank, are exempt from VAT; Interbank transactions are exempt from VAT as interest income from interbank transactions.

(2) No VAT shall be levied on non-guaranteed income obtained during the holding period (including maturity) of financial products

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Clarifying the VAT Policies for Financial Real Estate Development and Educational Ancillary Services (CS [2016] No. 140), the non-guaranteed income obtained during the holding period (including maturity) of the Bank's financial products is not interest or interest-based income, and is not subject to VAT.

(3) Investors in asset management products are not subject to VAT

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Value-Added Tax on Asset Management Products (CS [2017] No. 56), starting from January 1, 2018, asset management product managers are VAT taxpayers for the operation of asset management products and shall pay VAT at a rate of 3%. As an investor in asset management products, the Bank does not pay VAT.

(4) Interest income from small loans granted by financial institutions to small enterprises, micro enterprises and individual industrial and commercial households shall be exempt from VAT

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies Related to Supporting the Financing of Small and Micro Enterprises (CS [2017] No. 77), from December 1, 2017 to December 31, 2019, the interest income obtained by financial institutions from issuing small loans to small enterprises, micro enterprises and individual industrial and commercial households shall be exempted from VAT. Among them, small loans refer to loans for small enterprises, micro enterprises or individual industrial and commercial households with a single credit line of less than 1 million yuan (including the principal amount); If there is no credit line, it refers to a loan with a single-family loan contract amount and a loan balance of less than 1 million yuan (inclusive).

According to the notice of the Ministry of Finance and the State Administration of Taxation on the VAT exemption policy for interest income from loans to small and micro enterprises of financial institutions (CS [2018] No. 91), from September 1, 2018 to December 31, 2020, the interest income obtained by financial institutions from issuing small loans to small enterprises, micro enterprises and individual industrial and commercial households through the "two increases and two controls" assessment of the regulatory authorities in the previous year shall be exempted from VAT. Among them, small loans refer to loans for small enterprises, micro enterprises or individual industrial and commercial households with a single credit line of less than 10 million yuan (including the principal amount); If there is no credit line, it refers to a loan with a single-family loan contract amount and a loan balance of less than 10 million yuan (inclusive). Financial institutions can choose one of two ways to apply the tax exemption:

(1) The interest income obtained from a single small loan issued by a financial institution

to small enterprises, micro enterprises and individual industrial and commercial households, with an interest rate level not higher than 150% (inclusive) of the benchmark loan interest rate of the People's Bank of China for the same period, shall be exempted from VAT; The interest income obtained from a single small loan that is higher than 150% of the benchmark loan interest rate of the People's Bank of China for the same period shall be subject to VAT in accordance with the current policy provisions.

(2) The interest income obtained by a financial institution from issuing a single small loan to small enterprises, micro enterprises and individual industrial and commercial households shall not be higher than the part of the interest income calculated according to the 150% (inclusive) of the benchmark loan interest rate of the People's Bank of China for the same period, which shall be exempted from VAT; The excess part shall be subject to VAT in accordance with the current policy.

The Bank chooses the second method mentioned above, and from 2019 onwards, it will declare the tax-exempt interest income of loans for small enterprises, micro enterprises and individual industrial and commercial households.

According to the announcement of the Ministry of Finance and the State Administration of Taxation on extending the implementation period of some preferential tax policies (Announcement No. 6 of 2021 of the State Administration of Taxation of the Ministry of Finance), the notice on tax policies related to supporting the financing of small and micro enterprises (CS [2017] No. 77) has been extended to December 31, 2023, and the notice on the VAT exemption policy for interest income from loans of small and micro enterprises by financial institutions (CS [2018] No. 91) has been extended to December 31, 2023.

2.Preferential income tax policies

(1) Interest income from national bonds and local bonds is exempt from corporate income tax

According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (Decree of the President of the People's Republic of China [2007] No. 63), the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (Decree No. 512 of the State Council of the People's Republic of China) and the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax (CS [2016] No. 36), the Bank's interest income from treasury bonds, dividends between qualified resident enterprises, Equity investment income such as dividends are exempt from corporate income tax.

According to the Notice on Issues Concerning the Exemption of Income Tax on Interest on Local Government Bonds (CS [2011] No. 76 and CS [2013] No. 5), the interest income of local government bonds obtained by the Bank is exempt from enterprise income tax.

(2) The income obtained by investors from the distribution of securities investment funds shall not be subject to enterprise income tax for the time being

According to the notice of the Ministry of Finance and the State Administration of Taxation on several preferential policies for enterprise income tax (CS [2008] No. 1), the income obtained by investors from the distribution of securities investment funds shall not be subject to enterprise income tax for the time being.

and (3) tax incentives for loan loss reserves that allow pre-tax deductions

According to the Notice on Relevant Policies on the Pre-tax Deduction of Enterprise Income Tax for Loan Loss Reserves of Financial Enterprises (CS [2019] No. 86), the loan loss reserve approved by the Bank for pre-tax deduction in the current year = the balance of loan assets allowed to be withdrawn at the end of the current year ×1% - the balance of the loan loss reserve that has been deducted before tax as of the end of the previous year. Cai Shui [2019] No. 86 Notice is valid from January 1, 2019 to December 31, 2023.

(4) Tax incentives for pre-tax deduction of deposit insurance premiums paid

According to the notice of the Ministry of Finance and the State Administration of Taxation on the policy issues related to the pre-tax deduction of deposit insurance premiums for banking financial institutions (CS [2016] No. 106), starting from May 1, 2015, the Bank shall calculate the deposit insurance premiums paid at a deposit insurance rate of no more than 1.6/10,000, and allow the pre-tax deduction of enterprise income tax.

(5) Tax incentives for pre-tax deduction of employee education expenses

According to the Notice of the State Administration of Taxation on the Pre-tax Deduction Policy for Educational Expenses of Employees of Enterprises (Cai Shui [2018] No. 51), starting from January 1, 2018, the part of the educational expenses incurred by the Bank that does not exceed 8% of the total wages and salaries shall be allowed to be deducted when calculating the taxable income of enterprise income tax. The excess amount is allowed to be carried forward and deducted in subsequent tax years.

Six Notes to material items in the financial statements

(a) Cash and deposits with the Central Bank

project	Balance as at December 31, 2023	Balance as at December 31, 2022
cash on hand	182,598,513.03	191,679,051.56
Deposit of the Central Bank's statutory reserves	10,074,955,776.60	8,925,818,988.49
Deposit of excess reserves with the central bank	8,751,195,810.34	5,990,094,589.30
Other monies deposited with the Central Bank	275,000.00	280,000.00
subtotal	19,009,025,099.97	15,107,872,629.35
Accrued interest	5,432,662.79	4,639,916.59
total	19,014,457,762.76	15,112,512,545.94

1. On December 31, 2023, the Bank deposited a deposit reserve for general deposits with the People's Bank of China at 5.00% of RMB deposits (4.00% of foreign currency deposits), which cannot be used for daily business. The scope of deposit reserves includes deposits of government agencies and organizations, extra-budgetary deposits, individual deposits, corporate deposits, credit balances after deducting assets from entrusted business liabilities, RMB margin deposits, foreign currency margin deposits and other deposits.

2. The deposit of excess deposit reserves of the central bank refers to the funds deposited by the Bank into the central bank to ensure the normal withdrawal of deposits and the normal development of business, excluding statutory deposit reserves and other funds with special purposes.

3. Other funds deposited with the Central Bank shall be the financial deposits and foreign exchange risk reserves deposited with the Central Bank, and the People's Bank of China shall not pay interest on the financial deposits and foreign exchange risk reserves deposited.

(b) Deposit interbank money

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Domestic peers	753,092,742.11	630,592,024.74
Overseas peers	15,169,599.73	32,649,938.47
Subtotal	768,262,341.84	663,241,963.21
Accrued interest	925,024.83	1,165,087.53
Less: Provision for impairment		
The book value of the deposited interbank funds	769,187,366.67	664,407,050.74

(c) Lending funds

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Split domestic banks		160,185,800.00
Dismantling of domestic non-bank financial institutions	15,300,000,000.00	20,200,000,000.00
Subtotal	15,300,000,000.00	20,360,185,800.00
Accrued interest	284,635,541.66	239,668,687.88
Less: Provision for impairment	9,077,638.91	11,331,865.38
The book value of the funds to be lent out	15,575,557,902.75	20,588,522,622.50

(iv) Buy and sell back financial assets

project	Balance as at December 31, 2023	Balance as at December 31, 2022
bond	17,062,320,395.21	15,311,144,745.72
— Government bonds	14,904,326,699.70	8,358,723,612.08
— Financial bonds	2,157,993,695.51	6,952,421,133.64
Commercial bills	5,335,847,904.66	1,995,304,841.31
Subtotal	22,398,168,299.87	17,306,449,587.03
Accrued interest	20,728,978.49	10,231,785.19
Less: Provision for impairment		
total	22,418,897,278.36	17,316,681,372.22

(5) Loans and advances are issued

1. Classification by meter

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Loans and advances disbursed at amortized cost		
Corporate loans and advances	106,359,465,561.71	86,361,764,689.25
Among them: ordinary loans	106,359,465,561.71	86,361,764,689.25
Personal loans and advances	29,434,130,123.62	32,392,474,778.57

Accrued interest	825,653,704.23	795,484,445.68
Less: Loan impairment charge measured at amortized cost	4,159,071,412.69	3,729,927,841.53
subtotal	132,460,177,976.87	115,819,796,071.97
Loans and advances made at fair value through other comprehensive income		
Corporate Loans and Advances (Discounted)	19,296,132,949.79	17,623,416,187.32
subtotal	19,296,132,949.79	17,623,416,187.32
total	151,756,310,926.66	133,443,212,259.29

Note: As of December 31, 2023, the Bank's loan impairment provision at fair value through other comprehensive income was RMB5,321,870.40, which was included in other comprehensive income.

2. Loan classification

(1) The total amount of loans and advances issued by the company (excluding accrued interest) is listed as follows:

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Business loans and advances	125,655,598,511.50	103,985,180,876.57
Agriculture, forestry, animal husbandry and fishery	1,783,228,785.28	1,134,013,736.93
Mining industry	814,378,789.70	774,693,333.35
manufacturing	10,698,255,273.73	8,251,864,554.96
Production and supply of electricity, gas and water	2,915,673,549.63	3,108,016,564.08
Construction	7,771,103,151.59	9,437,970,380.26
Transportation, warehousing and postal services	3,668,387,997.31	2,660,367,729.00
Information transmission, computer services and software	588,996,599.67	595,374,321.70
Wholesale and retail trade	15,129,947,236.85	11,285,666,615.81
Accommodation and catering	1,170,462,578.75	425,178,545.01
Finance	314,070,000.00	225,000,000.00
Real estate	8,725,388,242.96	10,287,510,112.97
Leasing and business services	31,538,466,569.23	20,964,137,823.66
Scientific research, technical services and geological exploration	372,271,666.68	187,489,999.99
Water conservancy, environment and public facilities management	16,682,652,692.00	14,721,689,261.08
Resident services and other services	1,506,982,763.20	105,830,000.00
educate	631,718,975.75	737,538,125.38
Health, social security and social welfare	488,101,300.00	341,643,585.07
Culture, sports and entertainment	1,559,379,389.38	1,117,780,000.00
discounting	19,296,132,949.79	17,623,416,187.32

(2) Personal loans (excluding accrued interest) are classified as follows:

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Individually operated	11,516,467,408.62	12,516,878,425.60
Personal housing, second-hand housing, commercial housing	15,710,288,956.72	18,076,492,551.32
Personal consumption	2,207,373,758.28	1,799,103,801.65
total	29,434,130,123.62	32,392,474,778.57

(3) Discounts (excluding accrued interest) are listed as follows:

project	December 31, 2023	December 31, 2022
Banker's Acceptance	19,296,132,949.79	17,612,806,595.82
Commercial Acceptance Bills		10,609,591.50
total	19,296,132,949.79	17,623,416,187.32

3.The total amount of loans and advances disbursed (excluding accrued interest) by type of guarantee is listed as follows:

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Measured at amortized cost:	135,793,595,685.33	118,754,239,467.82
Line of Credit	10,291,728,704.62	4,779,187,883.91
Guaranteed Secured Loans	48,712,550,314.43	39,819,978,149.45
mortgage	59,568,364,573.74	62,497,194,604.49
Pledged loans	17,220,952,092.54	11,657,878,829.97
Measured at fair value through other comprehensive income:	19,296,132,949.79	17,623,416,187.32
discounting	19,296,132,949.79	17,623,416,187.32
Total loans and advances	155,089,728,635.12	136,377,655,655.14

4. Overdue loans (excluding accrued interest).

project	December 31, 2023					
	1 to 30 days overdue (excluding 30 days)	30 to 90 days overdue (excluding 90 days)	90 to 360 days overdue	360 days to 3 years overdue	More than 3 years overdue	total
at amortized cost Metering:						
Line of Credit	34,875,977.13	2,394,322.76	6,423,825.24	2,241,931.30	2,435,031.37	48,371,087.80
Guaranteed Secured	30,522,276.45	29,903,911.5	46,858,725.91	2,932,263.40	15,779,279.78	125,996,457.1

project	December 31, 2023					
	1 to 30 days overdue (excluding 30 days)	30 to 90 days overdue (excluding 90 days)	90 to 360 days overdue	360 days to 3 years overdue	More than 3 years overdue	total
Loans		9				3
mortgage	1,347,852,620.27	520,509,309.76	1,096,430,135.99	914,232,594.52	23,429,307.40	3,902,453,967.94
Pledged loans	3,790,000.00	2,796,000.00	1,226,686.31	69,000,000.00	243,950.00	77,056,636.31
Total overdue loans	1,417,040,873.85	555,603,544.11	1,150,939,373.45	988,406,789.22	41,887,568.55	4,153,878,149.18

(continued)

project	December 31, 2022					
	1 to 30 days overdue (excluding 30 days)	30 to 90 days overdue (excluding 90 days)	90 to 360 days overdue	360 days to 3 years overdue	More than 3 years overdue	total
at amortized cost Metering:						
Line of Credit	3,882,578.20	1,091,779.57	1,456,811.73	1,591,776.74	2,593,557.06	10,616,503.30
Guaranteed Secured Loans	105,350,000.00	137,350,988.51	30,160,488.78	31,484,155.18	15,164,180.20	319,509,812.67
mortgage	1,004,106,069.14	1,007,059,940.45	1,559,764,038.68	204,811,107.23	22,898,726.79	3,798,639,882.29
Pledged loans		72,000,000.00	40,093,229.56		243,950.00	112,337,179.56
Total overdue loans	1,113,338,647.34	1,217,502,708.53	1,631,474,568.75	237,887,039.15	40,900,414.05	4,241,103,377.82

5. Loan loss provision

project	December 31, 2023			
	Phase 1	Phase II	Phase 3	total
Loans and advances issued at amortized cost - impairment provisions	1,535,605,280.52	1,249,825,163.75	1,373,640,968.42	4,159,071,412.69
Loans and advances at fair value through other comprehensive income - impairment charge	5,321,870.40			5,321,870.40

(continued)

project	December 31, 2022			
	Phase 1	Phase II	Phase 3	total
Loans and advances issued at amortized cost - impairment provisions	1,045,428,312.46	1,058,085,979.66	1,626,413,549.41	3,729,927,841.53
Loans and advances at fair value through other comprehensive income - impairment charge	3,273,194.79			3,273,194.79

(1) Provision for impairment of loans and advances measured at amortized cost:

project	December 31, 2023			
	Phase 1	Phase II	Phase 3	total
Opening balance	1,045,428,312.46	1,058,085,979.66	1,626,413,549.41	3,729,927,841.53
This year's transfers:	-512,581,567.82	-175,117,255.32	687,698,823.14	
Move from Phase 1 to Phase 2	-223,042,437.42	223,042,437.42		
Moved from Phase 1 to Phase 3	-290,324,931.54		290,324,931.54	
Moved from Phase 2 to Phase 1	781,002.77	-781,002.77		
Moved from Phase 2 to Phase 3		-399,312,518.35	399,312,518.35	
Moved from Phase 3 to Phase 1	4,798.37		-4,798.37	
Moved from Phase 3 to Phase 2		1,933,828.38	-1,933,828.38	
Accrued for the current year	1,002,758,535.88	366,856,439.41	81,966,909.51	1,451,581,884.80
Reversals resulting from the recovery of original write-off loans and advances during the year			414,324,867.73	414,324,867.73
Written off this year			-1,483,491,766.37	-1,483,491,766.37
Loans and advances are reversed due to an increase in their discounted value			46,728,585.00	46,728,585.00
Closing balance	1,535,605,280.52	1,249,825,163.75	1,373,640,968.42	4,159,071,412.69

(continued)

project	2022 year			
	Phase 1	Phase II	Phase 3	total
Opening balance	827,330,045.64	815,712,849.93	1,620,020,006.57	3,263,062,902.14
This year's transfers:	-51,823,598.71	-188,682,259.09	240,505,857.80	
Move from Phase 1 to Phase 2	-50,383,265.66	50,383,265.66		
Moved from Phase 1 to Phase 3	-11,997,298.14		11,997,298.14	
Moved from Phase 2 to Phase 1	8,788,277.31	-8,788,277.31		
Moved from Phase 2 to Phase 3		-234,835,759.96	234,835,759.96	
Moved from Phase 3 to Phase 1	1,768,687.79		-1,768,687.79	
Moved from Phase 3 to Phase 2		4,558,512.52	-4,558,512.52	
Accrued for the current year	269,921,865.53	431,055,388.82	1,388,618,276.54	2,089,595,530.89
Reversals resulting from the recovery of original write-off loans and advances during the year			75,579,079.52	75,579,079.52
Transferred out this year			-585,341,655.66	-585,341,655.66
Written off this year			-1,101,291,280.76	-1,101,291,280.76

Loans and advances are reversed due to an increase in their discounted value			-11,676,734.60	-11,676,734.60
Closing balance	1,045,428,312.46	1,058,085,979.66	1,626,413,549.41	3,729,927,841.53

(2) Provision for impairment of loans and advances at fair value through other comprehensive income:

project	December 31, 2023			
	Phase 1	Phase II	Phase 3	total
Opening balance	3,273,194.79			3,273,194.79
Current year (reversed)/accrual	2,048,675.61			2,048,675.61
Closing balance	5,321,870.40			5,321,870.40

(continued)

project	December 31, 2022			
	Phase 1	Phase II	Phase 3	total
Opening balance	3,813,772.01			3,813,772.01
Current year (reversed)/accrual	-540,577.22			-540,577.22
Closing balance	3,273,194.79			3,273,194.79

(f) Tradable financial assets

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Financial bonds	201,332,806.56	911,789,442.46
Corporate bonds	458,440,762.35	1,168,641,762.21
Interbank certificates of deposit	4,735,726,446.11	4,012,782,226.25
Bond funds	300,568,998.10	1,445,028,919.29
stock	149,667,124.63	272,008,659.98
Wealth management products	1,701,933,222.93	1,378,971,700.00
Trust Schemes	1,016,001,702.26	1,074,633,397.20
Equity	262,006,750.03	
total	8,825,677,812.97	10,263,856,107.39

(g) Debt investment

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Government bonds	13,461,669,996.76	13,380,718,127.99
Corporate bonds	20,763,342,958.08	18,709,440,425.48
Financial bonds	20,535,880,069.64	12,391,063,643.32
Targeted financing	2,512,021,501.68	4,127,320,000.00
Trust Schemes	380,000,000.00	380,000,000.00
subtotal	57,652,914,526.16	48,988,542,196.79
Accrued interest	1,139,846,386.03	869,079,263.49
Less: Provision for impairment	774,795,524.26	401,107,080.77

book value	58,017,965,387.93	49,456,514,379.51

(viii) Other debt investments

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Bond Investments by Issuer		
Among them: government bonds	2,654,616,288.00	694,155,245.00
Corporate bonds	1,778,945,852.00	1,784,478,562.00
Financial bonds	15,725,703,510.00	8,257,034,320.00
Accrued interest	253,907,446.82	168,158,208.60
total	20,413,173,096.82	10,903,826,335.60

(ix) Investments in other equity instruments

project	Balance as at December 31, 2023			Balance as at December 31, 2022		
	Initial cost	Closing fair value	Recognized dividend income	Initial cost	Closing fair value	Recognized dividend income
stock	456,807,012.24	213,214,243.35		456,807,012.24	246,208,741.35	
Equity	35,152,561.27	45,205,047.83		35,711,371.31	31,097,169.30	
total	491,959,573.51	258,419,291.18	-	492,518,383.55	277,305,910.65	-

(x) fixed asset

Category	Balance as at December 31, 2023	Balance as at December 31, 2022
fixed asset	1,724,253,738.66	1,725,590,360.68
Disposal of fixed assets		
Less: Provision for impairment	7,431,294.07	7,431,294.07
total	1,716,822,444.59	1,718,159,066.61

(1) Fixed assets

project	Houses and buildings	Machinery and equipment	Transportation equipment	other	total
1. The original book value					
1. Balance as at December 31, 2022	1,853,414,165.50	257,605,674.56	3,758,359.46	51,421,353.41	2,166,199,552.93
2. The amount of increase in 2023	13,868,166.20	42,449,898.03	1,260,341.46	9,104,470.60	66,682,876.29
(1) Purchase	13,868,166.20	42,449,898.03	1,260,341.46	9,104,470.60	66,682,876.29
3. Reduction amount in FY2023	-	10,690,629.30	-	1,539,151.76	12,229,781.06
(1) Disposal or scrapping		10,690,629.30		1,539,151.76	12,229,781.06
(2) Miscellaneous					-

4. Balance as at December 31, 2023	1,867,282,331.70	289,364,943.29	5,018,700.92	58,986,672.25	2,220,652,648.16
2. Accumulated depreciation					
1. Balance as at December 31, 2022	207,255,047.24	187,734,235.76	3,273,140.77	42,346,768.48	440,609,192.25
2. The amount of increase in 2023	43,443,372.41	20,958,269.52	144,543.11	2,863,414.28	67,409,599.32
(1) Accrual	43,443,372.41	20,958,269.52	144,543.11	2,863,414.28	67,409,599.32
3. Reduction amount in FY2023	-	10,175,644.16	-	1,444,237.91	11,619,882.07
(1) Disposal or scrapping		10,175,644.16		1,444,237.91	11,619,882.07
4. Balance as at December 31, 2023	250,698,419.65	198,516,861.12	3,417,683.88	43,765,944.85	496,398,909.50
3. Impairment provisions					
1. Balance as at December 31, 2022	7,381,259.86	-	-	50,034.21	7,431,294.07
2. The amount of increase in 2023	-	-	-	-	-
3. Reduction amount in FY2023	-	-	-	-	-
4. Balance as at December 31, 2023	7,381,259.86	-	-	50,034.21	7,431,294.07
4. Book value					
1. Book value in 2023	1,609,202,652.19	90,848,082.17	1,601,017.04	15,170,693.19	1,716,822,444.59
2. Book value in 2022	1,638,777,858.40	69,871,438.80	485,218.69	9,024,550.72	1,718,159,066.61

(2) As of December 31, 2023, the situation of temporarily idle fixed assets

category	Original book value	Accumulated depreciation	Impairment provisions	book value	remark
Houses and buildings	50,309,941.23	41,518,950.88	5,555,803.94	3,235,186.40	
total	50,309,941.23	41,518,950.88	5,555,803.94	3,235,186.40	

(xi) Right-of-use assets

project	Rent rental	total
1. The original book value		
1. Balance as at December 31, 2022	331,771,983.52	331,771,983.52
2. Increase the amount this year	96,103,682.38	96,103,682.38
(1) Rental	96,103,682.38	96,103,682.38
3. Reduction amount for the current year	52,578,475.67	52,578,475.67
(1) Disposal	52,578,475.67	52,578,475.67
4. Balance as at December 31, 2023	375,297,190.23	375,297,190.23
2. Accumulated depreciation		
1. Balance as at December 31, 2022	127,606,463.80	127,606,463.80

2. Increase the amount this year	68,412,726.04	68,412,726.04
(1) Accrual	68,412,726.04	68,412,726.04
3. Reduction amount for the current year	52,252,506.30	52,252,506.30
(1) Disposal	52,252,506.30	52,252,506.30
4. Balance as at December 31, 2023	143,766,683.54	143,766,683.54
3. Impairment provisions		
4. Book value		
1. Book value as at December 31, 2023	231,530,506.69	231,530,506.69
2. Book value as at December 31, 2022	204,165,519.72	204,165,519.72

(12) Intangible assets

1. Intangible assets

project	Software and Others	total
1. The original book value		
1. Balance as at December 31, 2022	389,203,640.86	389,203,640.86
2. The amount of increase in 2023	101,777,439.57	101,777,439.57
(1) Purchase	101,777,439.57	101,777,439.57
3. Reduction amount in FY2023	822,283.00	822,283.00
(1) Disposal	822,283.00	822,283.00
4. Balance as at December 31, 2023	490,158,797.43	490,158,797.43
2. Accumulated amortization		
1. Balance as at December 31, 2022	147,541,972.03	147,541,972.03
2. The amount of increase in 2023	39,885,713.82	39,885,713.82
(1) Accrual	39,885,713.82	39,885,713.82
3. Reduction amount in FY2023	127,358.46	127,358.46
(1) Disposal	127,358.46	127,358.46
4. Balance as at December 31, 2023	187,300,327.39	187,300,327.39
3. Impairment provisions		
4. Book value		
1. Book value in 2023	302,858,470.04	302,858,470.04
2. Book value in 2022	241,661,668.83	241,661,668.83

(13) Deferred income tax assets and deferred income tax liabilities

1. Unoffset deferred tax assets and liabilities

project	Balance as at December 31, 2023		Balance as at December 31, 2022	
	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences
Deferred tax assets:				

Provision for impairment of assets	1,759,307,889.38	7,037,231,557.43	1,420,970,333.75	5,683,881,334.96
Unpaid compensation costs have been accrued	53,736,478.54	214,945,914.13	48,068,057.99	192,272,231.95
Changes in the fair value of financial assets measured at fair value through other comprehensive income	59,400,752.44	237,603,009.75	60,340,521.02	241,362,084.06
Projected liabilities	10,536,709.40	42,146,837.59	7,068,048.22	28,272,192.89
Lease liabilities	53,011,799.93	212,047,199.72	45,490,788.33	181,963,153.33
other	46,289,627.90	185,158,511.57	13,238,615.72	52,954,462.86
Subtotal	1,982,283,257.59	7,929,133,030.19	1,595,176,365.03	6,380,705,460.05
Deferred tax liabilities:				
Changes in the fair value of trading financial assets	10,384,838.59	41,539,354.36	26,425,133.29	105,700,533.14
Changes in the fair value of financial assets measured at fair value through other comprehensive income	35,184,252.22	140,737,008.89	4,252,721.33	17,010,885.31
Right-of-use assets	57,882,626.67	231,530,506.69	51,041,379.93	204,165,519.72
Remeasure changes to defined income plans	2,179,063.50	8,716,254.00		
Subtotal	105,630,780.98	422,523,123.94	81,719,234.55	326,876,938.17

(xiv) Other assets

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Other receivables	101,493,366.54	601,397,418.47
Long-term receivables	16,326,167.71	16,396,167.71
Interest receivable	125,609,699.10	43,617,064.42
Other non-current assets	10,306,923.04	36,687,808.77
Expenses to be amortized	14,543,055.64	13,117,026.22
Long-term amortized expenses	20,490,704.48	13,846,776.06
Bonded assets	357,194,278.17	404,648,381.07
Liquidation of capital transactions	40,492,448.02	43,582,709.11
total	686,456,642.70	1,173,293,351.83

1. Interest receivable

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Interest receivable on loans and advances	163,535,892.88	65,391,870.18
Interest receivable on debt investments		11,553,013.92
subtotal	163,535,892.88	76,944,884.10
Less: Provision for impairment of assets	37,926,193.78	33,327,819.68
total	125,609,699.10	43,617,064.42

2. Other receivables

Nature of the money	Balance as at December 31, 2023	Balance as at December 31, 2022
Disbursement of legal services and litigation costs	18,514,257.34	15,251,840.19

Housing and Repair Fund	7,001,732.47	6,967,219.20
Handling fee receivable for non-principal-protected wealth management products	6,863,698.33	6,473,887.13
Reserves, security deposits	90,000.00	1,479,658.00
Pending settlement payments	16,688,795.57	26,613,457.08
Energy Investment Group restructured its creditor's rights	48,692,704.18	1,032,246,750.63
other	15,457,599.25	33,819,996.95
Total other receivables	113,308,787.14	1,122,852,809.18
Less: Provision for impairment of assets	11,815,420.60	521,455,390.71
Among them: single assessment		521,445,410.52
Portfolio evaluation	11,815,420.60	9,980.19
Other receivables, net	101,493,366.54	601,397,418.47

Note:On December 23, 2022, the Chongqing No. 5 Intermediate People's Court ruled to approve the substantive merger and reorganization plan of 16 companies including Chongqing Energy Investment Group Co., Ltd. Three Gorges Bank reclassified the principal and interest of RMB 1,032,246,750.63 and the provision of RMB 512,000,000.00 to other receivables of Chongqing Energy Investment Group Co., Ltd. and its subsidiaries included in the scope of reorganization. As of December 31, 2023, the substantive merger and reorganization plan of 16 companies including Chongqing Energy Investment Group Co., Ltd. has been fully implemented, and the Three Gorges Bank has obtained all the debt assets of Chongqing Energy Investment Group Co., Ltd., except for the 48,692,704.18 yuan of debt equity that is being registered for industry and commerce, and the rest of the debt assets have completed the relevant procedures. As of the date of issuance of the report, the above-mentioned debt repayment claim of RMB 48,692,704.18 has been registered for industry and commerce.

3. Expenses to be amortized

category	Balance as at December 31, 2022	Increase in the current period	Amortization for the period	Other reductions	Balance as at December 31, 2023
Rental fee	303,630.91	1,113,865.39	1,161,923.21		255,573.09
other	12,813,395.31	36,520,493.12	35,046,405.88		14,287,482.55
total	13,117,026.22	37,634,358.51	36,208,329.09	-	14,543,055.64

4. Long-term amortized expenses

category	Balance as at December 31, 2022	Increase in the current period	Amortization for the period	Other reductions	Balance as at December 31, 2023
Renovation costs, etc	13,825,626.06	15,856,235.87	9,207,157.45		20,474,704.48
Rental fee	21,150.00	24,000.00	29,150.00		16,000.00
total	13,846,776.06	15,880,235.87	9,236,307.45	-	20,490,704.48

5. Bonded assets

project	Balance as at December 31, 2023	Balance as at December 31, 2022
The original value of the bonded assets	372,815,306.99	407,057,750.77
subtotal	372,815,306.99	407,057,750.77
Less: Provision for impairment of debt-bearing assets	15,621,028.82	2,409,369.70
The carrying amount of the bonded asset	357,194,278.17	404,648,381.07

(xv) Provision for impairment of assets

category	Balance as at December 31, 2022	Accrual/reversal in 2023	In 2023, the write-off assets will be recovered	Write-off in 2023	Other changes	Balance as at December 31, 2023
Impairment charges for loans and advances at amortized cost	3,729,927,841.53	1,451,581,884.80	414,324,867.73	1,483,491,766.37	46,728,585.00	4,159,071,412.69
Impairment charges for loans and advances at fair value through other comprehensive income	3,273,194.79	2,048,675.61				5,321,870.40
Provision for impairment of funds	11,331,865.38	-2,254,226.47				9,077,638.91
Provision for impairment of other assets (other receivables, long-term receivables, interest receivables)	561,810,139.42	11,343,239.17	953,954.50	5,368,789.69	-512,000,000.00	56,738,543.40
Provision for impairment of debt investments	401,107,080.77	317,110,167.76	56,578,275.73			774,795,524.26
Provision for impairment of other debt investments	1,635,587.71	766,385.29				2,401,973.00
Provision for impairment of fixed assets	7,431,294.07					7,431,294.07
Provision for impairment of other assets (debt assets)	2,409,369.70	13,216,599.12			-4,940.00	15,621,028.82
Provision for impairment of off-balance sheet credit assets	28,272,192.89	13,874,644.70				42,146,837.59
total	4,747,198,566.26	1,807,687,369.98	471,857,097.96	1,488,860,556.06	-465,276,355.00	5,072,606,123.14

(xvi) Borrowing from the Central Bank

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Borrowing from the Central Bank	5,915,300,000.00	3,592,730,000.00
Rediscounting		128,113,385.40
Accrued interest	3,267,070.04	2,095,961.19
total	5,918,567,070.04	3,722,939,346.59

(xvii) Interbank and other financial institutions deposit money

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Funds deposited by domestic interbanks	2,806,019,559.10	1,600,683,029.93
Funds deposited by other domestic financial institutions	3,233,087,889.35	3,037,265,357.58
subtotal	6,039,107,448.45	4,637,948,387.51
Accrued interest	4,168,665.84	1,897,786.37
total	6,043,276,114.29	4,639,846,173.88

(xviii) Split funds

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Domestic interbank borrowed funds	4,850,000,000.00	4,400,000,000.00
Subtotal	4,850,000,000.00	4,400,000,000.00
Accrued interest	4,324,566.59	4,108,960.46
total	4,854,324,566.59	4,404,108,960.46

(xix) Proceeds from the sale and repurchase of financial assets

project	Balance as at December 31, 2023	Balance as at December 31, 2022
bond	17,018,550,000.00	13,945,000,000.00
bill	6,077,825,444.43	3,596,079,182.62
Subtotal	23,096,375,444.43	17,541,079,182.62
Accrued interest	17,939,272.55	7,619,857.79
total	23,114,314,716.98	17,548,699,040.41

(20) Absorb deposits

project	Balance as at December 31, 2023	Balance as at December 31, 2022
demand deposit	51,871,359,313.42	49,236,336,525.76
— Enterprise	41,768,475,363.39	39,832,564,355.57
— Personal	10,102,883,950.03	9,403,772,170.19
time deposit	132,831,405,684.43	109,184,008,711.60

project	Balance as at December 31, 2023	Balance as at December 31, 2022
— Enterprise	32,387,093,728.65	32,803,790,651.71
— Personal	100,444,311,955.78	76,380,218,059.89
Margin deposits	15,173,445,597.22	12,790,539,053.56
Fiscal deposits	1,360,000,000.00	1,740,000,000.00
Other deposits (including outward remittance, payable remittance, etc.)	259,819,570.09	12,625,200.21
Subtotal	201,496,030,165.16	172,963,509,491.13
Accrued interest	4,241,835,143.26	2,883,422,370.02
total	205,737,865,308.42	175,846,931,861.15

(21) Employee compensation payable

1. Employee remuneration payable is listed

project	Balance as at December 31, 2022	Increase in FY2023	Reduction in FY2023	Balance as at December 31, 2023
Short-term compensation	66,677,336.43	794,693,960.48	713,840,434.42	147,530,862.49
Post-employment benefits - set up a deposit and withdrawal plan	69,540.84	101,241,936.65	76,029,340.33	25,282,137.16
Severance benefits	243,219.78		80,722.56	162,497.22
Other long-term employee benefits	192,029,012.17	57,274,049.23	74,305,898.49	174,997,162.91
Among them: risk liability money	146,885,359.49	56,223,190.18	63,794,610.69	139,313,938.98
Post-employment benefits - defined benefit plans	45,143,652.68	1,050,859.05	10,511,287.80	35,683,223.93
total	259,019,109.22	953,209,946.36	864,256,395.80	347,972,659.78

2.Short-term remuneration is presented

project	Balance as at December 31, 2022	Increase in FY2023	Reduction in FY2023	Balance as at December 31, 2023
Salaries, bonuses, allowances and subsidies	65,924,177.59	642,584,800.90	563,085,749.95	145,423,228.54
Employee benefits	648,000.00	26,488,331.71	25,028,697.76	2,107,633.95
Social insurance premiums	44,674.84	51,549,398.60	51,594,073.44	
Among them: medical insurance premiums	42,146.11	50,180,170.17	50,222,316.28	
Workers' compensation insurance premiums	2,528.73	1,369,228.43	1,371,757.16	
Housing Provident Fund	50,484.00	61,836,303.00	61,886,787.00	
Trade union funding	-	9,342,827.03	9,342,827.03	
Employee education funds	10,000.00	2,892,299.24	2,902,299.24	
total	66,677,336.43	794,693,960.48	713,840,434.42	147,530,862.49

3.Set up a deposit and withdrawal plan to be listed

project	Balance as at December 31, 2022	Increase in 2023	Decrease in FY2023	Balance as at December 31, 2023
Basic pension insurance	67,433.44	73,682,616.51	73,750,049.95	-
Unemployment insurance premiums	2,107.40	2,277,182.98	2,279,290.38	-
Enterprise annuity contributions		25,282,137.16		25,282,137.16
total	69,540.84	101,241,936.65	76,029,340.33	25,282,137.16

(22) Taxes and fees payable

Tax	Balance as at December 31, 2023	Balance as at December 31, 2022
vat	99,274,891.62	105,725,599.70
Urban Maintenance Construction Tax	11,211,039.01	10,693,400.65
Educational fees and surcharges	4,372,650.75	4,156,298.51
Local Education Add-on	3,232,659.62	3,087,885.58
Corporate income tax	67,961,208.50	120,528,244.05
Withholding and remitting taxes	2,285,650.28	4,210,474.65
stamp duty	515,158.45	341,932.76
total	188,853,258.23	248,743,835.90

(xxiii) Projected liabilities

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Provision for impairment of off-balance sheet credit assets	42,146,837.59	28,272,192.89
Among them: bank acceptance bills	18,854,538.78	22,717,446.73
A letter of guarantee is issued	18,422,093.07	949,484.26
Issuance of letters of credit	1,444,800.22	877,820.51
Loan commitments	3,425,405.52	3,727,441.39
total	42,146,837.59	28,272,192.89

(xxiv) Bonds payable

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Interbank certificates of deposit	18,001,015,354.12	22,134,227,508.28
Tier 2 capital bonds		998,640,808.20
Three rural financial bonds	3,000,000,000.00	
Green financial bonds	5,000,000,000.00	5,999,831,919.69
Small Business Financial Bonds	6,000,000,000.00	3,000,000,000.00
Asset-backed securities	588,956,000.00	2,052,011,000.00
Accrued interest	143,874,175.42	156,542,690.33
total	32,733,845,529.54	34,341,253,926.50

1.Changes in the increase or decrease of bonds payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities).

The name of the bond	face value	Bond maturity	The amount of the issue	Coupon rate	Balance as at December 31, 2022	Issued in this issue	Amortization of discount premium	Reimbursement in the current period	Balance as at December 31, 2023
21 Three Gorges Bank Small and Micro Bonds 01	3,000,000,000.00	3 years	3,000,000,000.00	3.80%	3,000,000,000.00				3,000,000,000.00
22 Three Gorges Bank Green Bond 01	3,000,000,000.00	3 years	3,000,000,000.00	2.80%	3,000,000,000.00				3,000,000,000.00
22 Three Gorges Bank Green Bond 02	2,000,000,000.00	3 years	2,000,000,000.00	3.15%	2,000,000,000.00				2,000,000,000.00
23. Three Gorges Bank's three rural bonds	3,000,000,000.00	3 years	3,000,000,000.00	2.75%		3,000,000,000.00			3,000,000,000.00
23. Small and micro bonds of the Three Gorges Bank	3,000,000,000.00	3 years	3,000,000,000.00	2.88%		3,000,000,000.00			3,000,000,000.00
18 Secondary Debt 01	1,000,000,000.00	5 years	1,000,000,000.00	6.00%	998,640,808.20		1,359,191.80	1,000,000,000.00	
18 Green Finance Bonds 02	1,000,000,000.00	5 years	1,000,000,000.00	4.35%	999,831,919.69		168,080.31	1,000,000,000.00	
21 Xingyu 1A1	105,100,000.00	2.57 years	400,000,000.00	3.60%	105,100,000.00			105,100,000.00	
21 Xingyu 1A2	776,536,000.00	11.75 years	1,130,000,000.00	4.20%	776,536,000.00			187,580,000.00	588,956,000.00
22 Xingyu 1A1	940,375,000.00	1.30 years	1,250,000,000.00	2.60%	940,375,000.00			940,375,000.00	
22 Xingyu 1A2	230,000,000.00	1.30 years	230,000,000.00	2.84%	230,000,000.00			230,000,000.00	
Interbank certificates of deposit					22,134,227,508.28	28,557,279,809.28	419,508,036.56	33,110,000,000.00	18,001,015,354.12
total	18,052,011,000.00	——	19,010,000,000.00		34,184,711,236.17	34,557,279,809.28	421,035,308.67	36,573,055,000.00	32,589,971,354.12

(xxv) Lease liabilities

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Lease liabilities	212,047,199.72	181,963,153.33
Where: Lease payments	238,932,730.50	203,247,017.18
Financing charges are not recognized	-26,885,530.78	-21,283,863.85

(xxvi) Other liabilities

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Dividends payable	68,919,994.97	81,806,826.87
Other payables	260,389,996.87	326,934,908.19
Long-term payables	420,831.61	441,297.61
Liquidation of capital transactions	1,815,887.03	1,875,865.85
Deferred earnings	36,009,198.19	66,042,239.16
total	367,555,908.67	477,101,137.68

1.Dividends payable

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Dividends payable on common stock	22,871,227.84	35,758,059.74
Perpetual bond dividends payable	46,048,767.13	46,048,767.13
Total dividends payable	68,919,994.97	81,806,826.87

2. Other payables

project	Balance as at December 31, 2023	Balance as at December 31, 2022
The income of wealth management funds to be distributed	293,628.03	14,097,455.01
Withholding Expenses	134,400,376.51	143,715,541.45
Pending payments	23,530,513.42	81,842,293.82
other	102,165,478.91	87,279,617.91
Total other payables	260,389,996.87	326,934,908.19

3 Deferred income

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Financing Commitment Fee	17,737,238.47	34,525,471.13
Distribution Fees	18,271,959.72	31,516,768.03
Total deferred earnings	36,009,198.19	66,042,239.16

(xxvii) share capital

project	Balance as at December 31, 2022	Change in the current period (+, -)					Balance as at December 31, 2023
		Issuance of new shares	Gift shares	Provident fund to shares	other	subtotal	
State shareholding	75,215,873.00						75,215,873.00
Shares held by domestic corporate shareholders	5,495,004,585.00						5,495,004,585.00

project	Balance as at December 31, 2022	Change in the current period (+, -)					Balance as at December 31, 2023
		Issuance of new shares	Gift shares	Provident fund to shares	other	subtotal	
Shares held by domestic natural person shareholders	3,754,502.00						3,754,502.00
total	5,573,974,960.00						5,573,974,960.00

Details of the equity transfer of Three Gorges Bank in 2023:

Transferor	Number of shares held by the transferor	Transferee	Number of shares transferred	Proportion of the transferred shares in the total shares of the Bank (%).
Zhongdi Hebang Group Co., Ltd	50,000,000	Chongqing Zijun Investment Co., Ltd	50,000,000	0.897%
Chongqing International Trust Co., Ltd	1,114,794,992	Chongqing Urban Construction Investment (Group) Co., Ltd	1,114,794,992	20.000%
Chongqing International Trust Co., Ltd	501,419,608	Chongqing Real Estate Group Co., Ltd	501,419,608	8.996%
China Sigma Co., Ltd	346,331,700	Chongqing Expressway Group Co., Ltd	346,331,700	6.213%
Chongqing Donghua Hanfeng Information Technology Co., Ltd	277,065,360	Chongqing Expressway Group Co., Ltd	277,065,360	4.971%
Chongqing Jingcheng Industry Co., Ltd	207,416,484	Chongqing Expressway Group Co., Ltd	207,416,484	3.721%
Chongqing SDIC Equity Investment Management Co., Ltd	266,131,092	Chongqing Development & Investment Co., Ltd	266,131,092	4.775%
Chongqing Yongrui Equity Investment Co., Ltd	257,537,808	Chongqing Development & Investment Co., Ltd	257,537,808	4.620%
Shanghai Yinxin Industrial Development Co., Ltd	162,829,181	Chongqing Development & Investment Co., Ltd	162,829,181	2.921%
Chongqing Zijun Investment Co., Ltd	99,007,630	Chongqing Development & Investment Co., Ltd	49,007,630	0.879%
Chongqing Ruicheng Venture Capital Guarantee Co., Ltd	58,127,256	Chongqing Real Estate Group Co., Ltd	58,127,256	1.043%
Chongqing Zhonglu Industrial Development Co., Ltd	17,760,600	Chongqing Expressway Group Co., Ltd	17,760,600	0.319%

(28) Other equity instruments

1. Changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

Outstanding financial instruments	Balance as at December 31, 2022		Increased in this period		Decrease in the current period		Balance as at December 31, 2023	
	quantity	book value	qua	book value	quantity	book value	quantity	book value

			nti ty					
Perpetual bonds (non-fixed maturity capital bonds)	2,700,000,000.00	2,700,000,000.00					2,700,000,000.00	2,700,000,000.00
total	2,700,000,000.00	2,700,000,000.00					2,700,000,000.00	2,700,000,000.00

(xxix) Capital reserve

project	Balance as at December 31, 2022	Increase in the current period	Decrease for the period	Balance as at December 31, 2023
Capital premium	2,969,026,526.26			2,969,026,526.26
total	2,969,026,526.26			2,969,026,526.26

(30) Other comprehensive income

Note: Financial assets classified at fair value through other comprehensive income include other debt investments and bill discounting and rediscounting business under loans and advances.

project	Balance as at December 31, 2022	Amount incurred in 2023						Balance as at December 31, 2023
		Amount incurred before income tax in 2023	Less: Other comprehensive income included in the previous period was transferred to profit or loss in the current period	Less: Other comprehensive income included in the previous period is transferred to retained earnings in the current period	Less: Income tax expense	After-tax attributable to the parent company	After-tax attributable to minority shareholders	
(1) Other comprehensive income that cannot be reclassified into profit or loss	-161,409,354.68	-9,611,555.44			-2,402,888.86	-7,208,666.58		-168,618,021.26
Among them: remeasurement of the change in the defined benefit plan		8,716,254.00			2,179,063.50	6,537,190.50		6,537,190.50
Other comprehensive income that cannot be converted into profit or loss under the equity method						-		-
Changes in the fair value of investments in other equity instruments	-161,409,354.68	-18,327,809.44			-4,581,952.36	-13,745,857.08		-175,155,211.76
Changes in the fair value of the enterprise's own credit risk						-		-
(2) Other comprehensive income that is reclassified into profit or loss	-3,172,457.52	207,181,394.18	58,553,325.94		37,157,017.06	111,471,051.18		108,298,593.66
Among them: other comprehensive income from transferable gains or losses under the equity method						-		-
Changes in the fair value of other debt investments						-		-

Classified as changes in the fair value of financial assets measured at fair value through other comprehensive income	-6,854,044.39	204,366,333.27	58,553,325.94		36,453,251.83	109,359,755.50		102,505,711.11
Classification of credit impairment provisions for financial assets measured at fair value through other comprehensive income	3,681,586.87	2,815,060.91			703,765.23	2,111,295.68		5,792,882.55
Cash flow hedging reserves								
Differences in translation of financial statements in foreign currencies								
other								
total	-164,581,812.20	197,569,838.74	58,553,325.94	-	34,754,128.20	104,262,384.60		-60,319,427.60

(xxxi) Surplus reserve

project	Balance as at December 31, 2022	Increase in FY2023	Reduction in FY2023	Balance as at December 31, 2023
Statutory surplus reserve	1,515,611,967.13	131,405,847.78		1,647,017,814.91
total	1,515,611,967.13	131,405,847.78		1,647,017,814.91

(xxxii) General Risk Provisions

project	Balance as at December 31, 2023	Balance as at December 31, 2022
General Risk Reserve	4,040,493,793.29	3,521,414,746.63
Risk reserve for wealth management business	154,840,437.86	125,536,834.65
total	4,195,334,231.15	3,646,951,581.28

(xxxiii) Undistributed profits

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Undistributed profit for the prior year before adjustment	4,937,713,360.83	4,632,319,773.84
Adjust the count of undivided mates in the previous year (increase +, decrease -)		-7,568,609.09
Adjusted prior year undistributed profit	4,937,713,360.83	4,624,751,164.75
Plus: Net profit attributable to owners of the parent company for the year	1,314,058,477.78	1,195,911,695.42
Less: Withdrawal of statutory surplus reserve	131,405,847.78	119,591,169.55
Draw general risk provisions	548,382,649.87	413,799,331.39
Dividends payable on common stock	167,219,248.80	222,958,998.40
Interest payable on other equity instruments	126,600,000.00	126,600,000.00
Undistributed profit at the end of the year	5,278,164,092.16	4,937,713,360.83

(xxxiv) Net interest income

project	Amount incurred in 2023	Amount incurred in 2022
Interest income		
Among them: depositing funds with peers and other financial institutions	31,420,395.34	47,585,777.56
Deposit of central bank money	219,607,142.14	182,257,451.95
Lending funds	687,407,367.41	727,238,357.98
Loans and advances are made	6,854,323,717.38	6,547,601,934.70
Buy and sell back financial assets	389,059,680.97	219,437,446.55
Financial investments		
Debt investment	2,468,364,248.96	2,281,467,380.29
Other debt investments	401,888,504.80	281,162,622.26
Total interest income	11,052,071,057.00	10,286,750,971.29
Interest expense		
Among them: deposits in the bank and other financial institutions	61,055,373.45	68,369,290.33

Borrowing from the Central Bank	97,583,887.33	85,428,933.88
Split funds	138,035,895.01	131,813,837.59
Absorb deposits	5,223,271,153.06	4,610,779,694.89
Sell and repurchase financial assets	340,676,688.50	186,211,882.64
Bonds payable	823,527,632.16	1,185,249,381.95
Rediscounting	1,198,785.78	6,619,358.22
other	2,136,968.94	59,002,610.66
Total interest expense	6,687,486,384.23	6,333,474,990.16
Net interest income	4,364,584,672.77	3,953,275,981.13

(35) Net income from fees and commissions

project	Amount incurred in 2023	Amount incurred in 2022
Fee and commission income	372,927,792.72	353,112,185.38
Among them: wealth management business	293,036,032.08	300,999,982.49
Agency business	2,168,437.31	3,704,020.72
Settlement and clearing business	7,474,716.11	17,408,657.46
Letters of Guarantee and Commitments	47,813,343.58	13,048,513.47
Bond borrowing fee income	9,166,900.09	5,914,641.16
other	13,268,363.55	12,036,370.08
Handling fees and commission expenses	164,651,335.27	87,738,476.01
Among them: settlement fee	26,195,861.34	20,291,336.44
Card fees	578,513.43	521,640.12
other	137,876,960.50	66,925,499.45
Net fee and commission income	208,276,457.45	265,373,709.37

(36) Investment income

category	Amount incurred in 2023	Amount incurred in 2022
Investment income during the holding period of trading financial assets (paid-in)	234,011,043.34	213,418,927.40
Investment income from the disposal of a trading financial asset	69,204,444.12	-124,478,864.79
Investment income from the disposal of debt investments	93,376,573.15	560,754.72
Investment income from the disposal of other debt investments	55,698,067.02	20,490,727.54
Investment income from the disposal of trading financial liabilities	-448,060.00	809,058.49
Debt restructuring gains	5,425,268.11	11,376,788.06
total	457,267,335.74	122,177,391.42

(37) Fair value change gains

Source of generation	Amount incurred in the current period	Amount incurred in the previous period
Tradable financial assets	66,638,543.99	196,451,465.54
total	66,638,543.99	196,451,465.54

(38) Exchange gains

Source of generation	Amount incurred in the current period	Amount incurred in the previous period
Foreign currency exchange rate translation and settlement of gains and losses on foreign exchange sales	5,086,465.31	23,563,116.57
total	5,086,465.31	23,563,116.57

(39) Other business income/costs

Source of generation	Amount incurred in 2023	Amount incurred in 2022
Other business income	8,409,640.94	8,405,306.84
Where: rental income	6,848,607.87	867,211.35
other	1,561,033.07	7,538,095.49
Other business costs	906,066.83	755,126.09

(40) Proceeds from disposal of assets

project	Amount incurred in 2023	Amount incurred in 2022
Proceeds from the disposal of Tongliang Branch		35,873,186.23
Gains on disposal of other assets	5,719,287.98	
total	5,719,287.98	35,873,186.23

(41) Other income

project	Amount incurred in 2023	Amount incurred in 2022
Industrial support funds		605,792.45
Unemployment and job stabilization subsidies	2,634,939.00	450,762.00
other	739,854.38	
total	3,374,793.38	1,056,554.45

(42) Taxes and surcharges

project	Amount incurred in 2023	Amount incurred in 2022
Urban construction tax	29,183,702.95	29,640,743.37
Educational fee surcharge	13,025,748.71	13,165,870.38
Local education fee surcharge	8,684,372.55	8,777,246.96
Property tax	19,614,043.55	16,112,757.89
Land use tax	560,253.49	483,825.56
stamp duty	1,532,710.08	1,306,191.40
Vehicle and vessel use tax	3,487.25	7,020.00
Land Appreciation Tax	127,358.02	22,159.86
total	72,731,676.60	69,515,815.42

(forty-three) Operating and management fees

project	Amount incurred in 2023	Amount incurred in 2022
Labor costs	956,605,705.00	721,076,837.04
Depreciation of fixed assets	67,383,789.54	55,316,897.81

Depreciation of right-of-use assets	69,626,934.58	82,389,211.02
Interest expense on lease liabilities	6,502,655.97	7,436,575.85
Amortization of intangible assets	39,885,713.82	34,265,968.32
Amortization of long-term amortized expenses	8,685,053.85	10,268,877.35
Business operation and administrative expenses	526,876,097.57	444,539,803.09
total	1,675,565,950.33	1,355,294,170.48

(44) Credit impairment losses

project	Amount incurred in 2023	Amount incurred in 2022
Loans and advances issued (amortization measurement)	1,451,581,884.80	2,089,595,530.89
Loans and advances originated (fair measure)	2,048,675.61	-540,577.22
Lending funds	-2,254,226.47	5,547,172.60
Other assets (other receivables, long-term receivables, interest receivables)	11,343,239.17	13,822,064.43
Debt investment	317,110,167.76	-339,793,310.30
Other debt investments	766,385.29	288,950.97
Off-balance sheet credit assets	13,874,644.70	-7,214,937.64
total	1,794,470,770.86	1,761,704,893.73

(forty-five) Asset impairment losses

project	Amount incurred in 2023	Amount incurred in 2022
Impairment of bonded assets	13,216,599.12	484,432.40
total	13,216,599.12	484,432.40

(forty-six) Non-operating income

project	Amount incurred in 2023	Amount incurred in 2022
other	2,831,319.09	1,195,322.12
total	2,831,319.09	1,195,322.12

(forty-seven) Non-operating expenses

project	Amount incurred in 2023	Amount incurred in 2022
Loss on damage and retirement of non-current assets	938,802.05	378,256.85
External donations	1,931,829.00	977,780.00
Damages and penalties	2,655,215.00	4,200,391.42
other	99,924.36	174,893.88
total	5,625,770.41	5,731,322.15

(forty-eight) Income tax expense

1. Breakdown of income tax expense

project	Amount incurred in 2023	Amount incurred in 2022
Current income tax calculated in accordance with the tax law and relevant regulations	643,562,679.04	487,700,418.25
Deferred tax expense	-397,949,474.32	-269,725,840.27
total	245,613,204.72	217,974,577.98

2. Accounting profit and income tax expense adjustment process

project	Amount incurred in the current period
Gross profit	1,559,671,682.50
Income tax expense calculated at statutory/applicable tax rates	389,917,920.63
Impact of non-taxable income	-122,529,154.42
Effect of non-deductible costs, expenses, and losses	-21,775,561.49
Income tax expense	245,613,204.72

(forty-nine) Supplementary information to the cash flow statement

1. Supplementary information to the cash flow statement

project	2023 year	2022 year
1. Net profit	1,314,058,477.78	1,195,911,695.42
Add: Credit impairment losses	1,794,470,770.86	1,761,704,893.73
Impairment losses on other assets	13,216,599.12	484,432.40
Depreciation of fixed assets, investment real estate, and right-of-use assets	135,822,325.36	137,706,108.93
Amortization of interest on lease liabilities	6,502,655.97	7,436,575.85
Amortization of intangible assets	39,885,713.82	34,265,968.32
Amortization of long-term amortized expenses	9,236,307.45	10,268,877.35
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated with a "-")	-5,719,287.98	-35,873,186.23
Loss on retirement of fixed assets (income is listed with "-")	71,288.34	
Net exposure hedge loss (gain is indicated with a "-" sign)		
Fair Value Loss (Gain is indicated with a "-")	-66,638,543.99	-196,451,465.54
Decrease in the issuance of loans and advances	-20,609,889,614.08	-18,655,462,331.74
Increase in absorption of deposits	28,532,520,674.03	25,279,280,539.73
Net liabilities to the interbank and central banks increased	6,446,478,887.43	-305,460,014.37
Increase in the sale and repurchase of financial assets	5,555,296,261.81	1,302,285,963.14
Reduction in financial assets held for trading purposes	951,918,790.03	2,247,957,021.38
Handling fees and interest expenses paid for the issuance of bonds	823,527,632.16	1,185,249,381.95
Effect of exchange rate changes	-2,008,952.54	-19,503,718.52
Investment losses (gains are listed with a "-" sign)	-457,267,335.74	-122,177,391.42
Decrease in deferred tax assets (increase by "-")	-387,106,892.56	-317,001,030.16

project	2023 year	2022 year
Increase in deferred tax liabilities (decreases are indicated with a "-")	23,911,546.43	19,097,341.57
Decrease in operating receivables (increase in "-")	-1,111,250,039.60	360,318,763.71
Increase in operating payables (decrease is indicated with "-")	-67,595,910.94	-20,847,609.32
other	-	-
Net cash flow from operating activities	22,939,441,353.16	13,869,190,816.18
2. Major investment and financing activities that do not involve cash receipts and expenditures:		
Debt is capitalized		
Convertible corporate bonds maturing within one year		
Financing lease of fixed assets		
3. Net changes in cash and cash equivalents:		
The closing balance of cash	9,702,056,665.21	6,845,015,604.07
Less: The opening balance of cash	6,845,015,604.07	7,670,500,528.59
Add: The closing balance of cash equivalents	24,198,168,299.87	23,966,635,387.03
Less: Opening balance of cash equivalents	23,966,635,387.03	16,232,350,288.88
Net increase in cash and cash equivalents	3,088,573,973.98	6,908,800,173.63

2.Closing cash and cash equivalents

project	December 31, 2023	December 31, 2022
1. Cash	9,702,056,665.21	6,845,015,604.07
Where: cash on hand	182,598,513.03	191,679,051.56
Deposit of excess reserves with the central bank	8,751,195,810.34	5,990,094,589.30
Deposited interbank funds with an original maturity date of less than three months	768,262,341.84	663,241,963.21
The original maturity date is less than three months		
2. Cash equivalents	24,198,168,299.87	23,966,635,387.03
Among them: deposited interbank funds with an original maturity date of no more than three months		
The original maturity date is not more than three months	1,800,000,000.00	6,660,185,800.00
Buy-back securities with an original maturity date of no more than three months	22,398,168,299.87	17,306,449,587.03
3. Balance of cash and cash equivalents at the end of the period	33,900,224,965.08	30,811,650,991.10

(50) Assets with restricted use rights

project	December 31, 2023	December 31, 2022
It is used to sell and repurchase assets pledged by the financial asset business	17,209,650,312.27	15,247,326,955.02
Among them: financial bonds - debt investment	1,614,252,041.77	7,044,728,018.63
Financial bonds – other debt investments	582,848,270.50	2,577,598,936.39
Bonds – the purchase and resale of financial assets	15,012,550,000.00	5,625,000,000.00

Assets pledged for borrowing from the central bank	7,605,736,480.19	4,328,393,585.90
Among them: corporate bonds - other debt investments	61,790,827.21	
Financial bonds – other debt investments		191,585,093.15
Corporate Bonds - Debt Investment	2,107,425,983.18	2,718,817,249.30
Financial bonds – debt investments	1,546,350,928.83	563,240,232.89
Government Bonds - Debt Investments	3,890,168,740.97	266,077,336.99
Financial bonds - trading financial assets		207,260,408.22
Corporate bonds - tradable financial assets		335,819,912.61
Government bonds - trading financial assets		45,593,352.74
total	24,815,386,792.46	19,575,720,540.92

The Bank pledged part of its assets as collateral for repurchase agreements, deposits of funds with interbank and other financial institutions, borrowing from the Central Bank and absorbing deposits.

In May 2015, the Ministry of Finance, the People's Bank of China and the China Banking Regulatory Commission jointly issued the Notice on the Issuance of Local Government Bonds by Targeted Underwriting in 2015, proposing that local government bonds be included in the scope of collateral for central treasury cash management and local treasury cash management in pilot areas. In terms of pledge valuation and proportion, the pledge of fixed deposits of central and local treasury cash management commercial banks is denominated at the face value of bonds, and treasury bonds and local government bonds are pledged at 105% and 115% of the deposit amount respectively. The Bank shall pledge a certain proportion of government bonds to the financial department in accordance with the above-mentioned provisions.

The Bank shall deposit statutory deposit reserves with the People's Bank of China in accordance with the regulations of the People's Bank of China, and such deposits shall not be used for the daily business operations of the Bank, see Note 5(1)1".

7. Rights and interests in structured entities

(1) Interests in structured entities included in the scope of consolidated financial statements

1.Non-principal-guaranteed wealth management products

In accordance with the spirit of the regulator's arrangement for the disposal of banks' wealth management stock assets during the transitional period, the Bank has included non-principal-guaranteed wealth management products with default risk on the asset side into the balance sheet since 2020.

2.Credit asset-backed securities

The structured entities managed by the Bank that are included in the scope of consolidation include special purpose trusts established by third-party trust companies to carry out asset securitization business. The SPT purchases credit assets from the Bank and issues asset-backed securities for financing based on the cash generated by the credit assets. As the loan servicer of the specific trust, the Bank collects the corresponding fee income. The Bank may hold some asset-backed securities in such businesses, thereby retaining a portion of the risk and reward of the transferred credit assets. The Bank will analyze and determine whether to derecognize the relevant credit assets according to the degree of risk and reward retention.

In February 2021, the Bank, as the principal and initiator, launched the first phase of Xingyu 2021 personal housing mortgage asset securitization business in the national inter-bank bond market, and entrusted the trust company with the credit assets of RMB 1,999,986,247.68 legally owned by the Bank (personal housing mortgage loan), and the trust company issued beneficiary securities to the investment institution in the form of asset-backed securities. The Bank held all the inferior asset-backed securities with a principal amount of RMB 469,986,247.68, accounting for 23.50% of the issuance size, and the Bank believed that it had retained almost all the risks and rewards in the ownership of the credit assets, and had not terminated the recognition of the credit assets. The consideration received for the transfer of the credit asset is recognized as a liability. As of December 31, 2023, the principal balance of credit assets was RMB1,105,358,865.05 and the carrying amount of liabilities was RMB588,956,000.00.

(2) Interests in structured entities that are not included in the scope of consolidated financial statements

The structured entities managed by the Bank that are not included in the scope of consolidation are mainly non-principal-guaranteed wealth management products issued and managed by the Bank. The purpose of these structured entities is mainly to manage the assets of investors and collect sales fees or management fees, and their fund raising methods are to issue investment products to investors, and the Bank will invest the wealth management funds raised in the relevant financial markets or investment related financial products according to the provisions of the product contract, and distribute them to investors according to the contract after obtaining investment returns. The Bank believes that the Bank's variable returns related to such structured entities are not significant, and the maximum loss risk exposure of the Bank's wealth management products not included in the scope of consolidation is the handling fee of such bank wealth management products, and the amount is not material.

The total size of structured entities issued and managed by the Bank at the end of the reporting period that are not included in the scope of consolidation is shown as follows:

project	December 31, 2023	December 31, 2022
Issuance of non-principal-guaranteed wealth management products	17,721,074,738.81	17,756,955,317.95

(3) The rights and interests enjoyed in the structured entities initiated and established by the third-party financial institutions

The Bank's investment in structured entities issued or managed by other institutions that are not included in the consolidation mainly includes wealth management products, special asset management plans, trust plans, etc. The nature and purpose of these structured entities is mainly to manage the assets of investors and earn management fees, and their funds are raised by issuing investment products to investors. The Bank has not provided liquidity support for such structured entities.

As at 31 December 2023, the carrying amount and maximum loss exposure of the Bank's assets arising from the interests of the holding of structured entities not included in the scope of consolidation were as follows:

December 31, 2023	Tradable financial assets	Debt investment	Total book value	Maximum loss exposure
Investment and wealth management products	1,701,933,222.93		1,701,933,222.93	1,701,933,222.93

Investment trust products	1,016,001,702.26	375,684,683.55	1,391,686,385.81	1,391,686,385.81
Invest in bond funds	300,568,998.10		300,568,998.10	300,568,998.10
total	3,018,503,923.29	375,684,683.55	3,394,188,606.84	3,394,188,606.84

8. Risks and risk management related to financial instruments

The objective of the Bank's financial risk management is to optimize capital allocation and maximize shareholders' interests within an acceptable risk range on the premise of satisfying the requirements of regulators, depositors and other stakeholders for the bank's sound operation.

The Bank formulates risk management policies, sets appropriate risk limits and control procedures, and analytes, identifies, monitors and reports risks through relevant information systems, and regularly reviews its risk management policies and related systems to reflect the latest changes in the market, products and industries.

The financial risks faced by the Bank mainly include credit risk, market risk and liquidity risk. Among them, market risks include exchange rate risk, interest rate risk, etc.

(1) Credit risk

Credit risk refers to the risk of loss due to the borrower's or counterparty's failure to perform the contract. Credit risk is greater when all counterparties are concentrated in a single industry or region. This is due to the fact that different counterparties will be affected by the same economic development due to being in the same region or industry, which will ultimately affect the ability to repay. The concentration of credit risk reflects the sensitivity of the Bank's performance to a particular industry or geographic location.

The Bank has established a credit quality evaluation system to set the credit line according to the risk level of the borrower or counterparty and determine the value of the collateral or the level of security required. The risk assessment process includes customer investigation, risk rating, credit line approval, loan review and post-loan monitoring. Risk assessments are conducted on a regular basis to ensure that the Bank can monitor possible risks in a timely manner and take appropriate risk mitigation measures. In addition, the Bank provides guarantees to customers that the same risk control procedures and policies are applied to reduce risks.

1.ASSESS THE CREDIT RISK OF FINANCIAL ASSETS AFTER THE MODIFICATION OF CONTRACTUAL CASH FLOWS

In order to maximize the collection, the Bank may sometimes modify the contractual terms of the loan, such as restructuring the loan, due to commercial negotiations or the borrower's financial difficulties. A restructured loan refers to a loan project in which the Bank re-establishes the terms of the loan at the discretion of the borrower due to the deterioration of the borrower's financial condition and the inability to repay the loan on time in accordance with the original loan terms. Where conditions permit, the Bank will seek to restructure the loan rather than take ownership of the collateral. This may involve a rollover of repayments and the conclusion of new loan terms. Once renegotiated and agreed with the borrower, the loan will no longer be considered overdue. Management continues to review the restructured loan to ensure that it meets all conditions and that future payments are likely to occur.

These contract modifications include loan extensions, forgiveness periods, and grace periods for repayment. When the contract amendment does not cause a substantial change and does not lead to the derecognition of the original asset, the Bank will still compare the default risk of the modified asset with the default risk at the time of initial recognition under the terms of the original contract when assessing the default risk of the modified asset at the balance sheet date. The Bank monitors the follow-up of the modified assets. In the Bank's judgment, the credit risk has been significantly improved after the contract modification, so the relevant assets have been transferred from the third or second stage to the first stage, and the basis for calculating the loss provision has changed from the expected credit loss of the entire duration to the expected credit loss of 12 months. The above-mentioned assets should be observed for at least 6 consecutive months before they reach certain criteria.

2.EXPECTED CREDIT LOSS MEASUREMENT

In accordance with the provisions of the New Financial Instruments Standards, the Bank adopts the "expected credit loss model" to measure asset impairment losses on investments in debt instruments measured at amortized cost and measured at fair value through other comprehensive income.

For financial assets included in the ECL measurement, the Bank assesses whether the credit risk of the relevant financial assets has increased significantly since the initial recognition, and uses the "three-stage" impairment model to measure the loss provision separately and recognize the expected credit loss and its changes.

Stage 1: If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Bank measures the loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months;

Stage 2: If the credit risk of the financial instrument has increased significantly since the initial recognition, but it is not regarded as having been impaired, the Bank measures the loss provision at an amount equivalent to the expected credit loss over the entire life of the financial instrument;

Stage 3: For financial instruments that have incurred credit impairment, the Bank measures the loss allowance according to the amount equivalent to the expected credit loss over the entire life of the financial instrument.

Financial assets purchased or originated with credit impairment refer to financial assets that have credit impairment at the time of initial recognition. The provision for loss of these assets is the expected credit loss over the entire duration.

In calculating ECLs in accordance with the New Financial Instruments Standard, the Bank adopts the following key judgments and assumptions:

(1) Credit risk has increased significantly

The Bank assesses whether the credit risk of the relevant financial instrument has increased significantly since its initial recognition at each balance sheet date. When one or more quantitative and qualitative criteria and thresholds are triggered, the Bank considers that the credit risk of a financial instrument has increased significantly.

The Bank sets quantitative and qualitative criteria and threshold indicators to determine whether the credit risk of a financial instrument has increased significantly since the initial recognition, and the judgment criteria mainly include:

(1) a material adverse change in the external or internal credit rating, if any, of the financial instrument that has occurred or is anticipated;

(2) material adverse changes in the debtor's operating results that have occurred or are expected;

(3) existing or anticipated changes in the technological, market, economic or legal environment that will have a material adverse effect on the debtor's ability to repay the Bank;

and (4) other situations where the credit risk is significantly increased, such as 30 days (exclusive) to 90 days (inclusive) for the debtor's contractual payments (including principal and interest).

For financial instruments with significantly increased credit risk, they are classified as Phase 2.

(2) Definition of defaulted and credit-impaired assets

When a financial asset is impaired in terms of credit impairment, the Bank defines the financial asset as having defaulted, and generally speaking, a financial asset is deemed to have defaulted if it is overdue for more than 90 days. When one or more events occur that adversely affect the expected future cash flows of a financial asset, the financial asset becomes a financial asset that has undergone credit impairment. Evidence that a financial asset has been impaired in credit includes the following observable information:

(1) The issuer or the debtor has major financial difficulties;

(2) the debtor breaches the contract, such as default or overdue payment of interest or principal;

(3) the Bank gives concessions to the debtor that the debtor would not have made under any other circumstances, for reasons of economic or contractual considerations related to the debtor's financial difficulties;

(4) the debtor is likely to go bankrupt or undergo other financial restructuring;

(5) The financial difficulties of the issuer or the debtor cause the disappearance of the active market for the financial asset.

For defaulted and credit-impaired assets, they are classified as Phase 3.

and (3) the parameters for measuring expected credit losses

The Bank determines expected credit losses by projecting the probability of default, the default loss ratio and the default risk exposure of individual exposures or portfolios in future periods. The Bank multiplies these three and adjusts them according to the likelihood of their survival. This allows for the calculation of expected credit losses for future periods, which are then discounted to the balance sheet date. The discount rate used in the ECL calculation is the initial effective interest rate or its approximation.

The Bank has classified exposures with similar risk characteristics, and estimated risk parameters such as default probability, default loss ratio, and default risk exposure. The Bank makes provision for expected credit losses on the basis of continuous assessment and follow-up of financial assets. Thereinto:

The probability of default is the likelihood that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining duration.

The default loss ratio refers to the Bank's expectation of the extent of loss from default risk exposure. Depending on the type of counterparty, the different credit products, and the different collateral, the default loss rate also varies.

Default exposure is the amount that the Bank is due to be reimbursed in the event of default over the next 12 months or throughout the remaining duration.

(4) Forward-Looking Information

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through the analysis of historical data, the Bank identifies key economic indicators that affect the credit risk and expected credit loss of each business type, such as gross domestic product, consumer price index, producer price index, etc.

The impact of these economic indicators on the probability of default and the default loss ratio varies for different business types. In this process, the Bank applied a combination of statistical models and expert judgments, based on the results of statistical models, based on the results of expert judgments, and through regression analysis to determine the impact of these economic indicators on the probability of default.

In addition to providing baseline economic scenarios, the Bank uses statistical models and expert judgment results to determine other possible scenarios and their weights. The Bank measures the relevant impairment charges in terms of weighted 12-month expected credit losses (Phase 1) or weighted expected credit losses over the entire duration (Phase 2 and Phase 3). The above weighted credit losses are calculated by multiplying the expected credit losses for each scenario by the weighting of the corresponding scenarios.

3.THE AMOUNTS THAT BEST REPRESENT THE MAXIMUM CREDIT RISK EXPOSURE AT THE BALANCE SHEET DATE, WITHOUT REGARD TO AVAILABLE COLLATERAL OR OTHER CREDIT ENHANCEMENTS, ARE LISTED BELOW

The balance of exposure to balance sheet items is book value (net book value).

project	December 31, 2023	December 31, 2022
The credit risk exposures associated with the on-balance sheet asset items are as follows:		
cash and deposits with the central bank	19,014,457,762.76	15,112,512,545.94
Deposit of funds with peers and other financial institutions	769,187,366.67	664,407,050.74
Lending funds	15,575,557,902.75	20,588,522,622.50
Buy and sell back financial assets	22,418,897,278.36	17,316,681,372.22
Loans and advances are made	151,756,310,926.66	133,443,212,259.29
Financial investments		
Tradable financial assets	8,825,677,812.97	10,263,856,107.39
Debt investment	58,017,965,387.93	49,456,514,379.51
Other debt investments	20,413,173,096.82	10,903,826,335.60
Investments in other equity instruments	258,419,291.18	277,305,910.65
Other assets	243,429,233.35	661,410,650.60
Subtotal of on-balance sheet credit exposure	297,293,076,059.45	258,688,249,234.44
The credit risk exposures associated with off-balance sheet asset items are as follows:		
Bank-to-bank bills, letters of guarantee and letters of credit	19,400,418,648.21	20,341,528,323.67
Other credit commitments	1,389,985,600.00	1,760,470,300.00
Subtotal of off-balance sheet credit exposure	20,790,404,248.21	22,101,998,623.67
Total credit exposure	318,083,480,307.66	280,790,247,858.11

4.CREDIT QUALITY INFORMATION OF FINANCIAL ASSETS

(1) THE CREDIT QUALITY OF EACH ASSET WITH CREDIT RISK

project	2023/12/31							
	Book balance				Expected credit impairment provisions			
	Phase 1	Phase II	Phase 3	total	Phase 1	Phase II	Phase 3	total
1. Financial assets measured at amortized cost								
cash and deposits with the central bank	19,014,457,762.76			19,014,457,762.76				
Deposit of funds with peers and other financial institutions	769,187,366.67			769,187,366.67				
Lending funds	15,584,635,541.66			15,584,635,541.66	9,077,638.91			9,077,638.91
Buy and sell back financial assets	22,418,897,278.36			22,418,897,278.36				
Other assets - interest receivable	2,643,270.16	91,615,258.03	69,277,364.69	163,535,892.88	26,622.42	11,059,225.03	26,840,346.33	37,926,193.78
Other assets - other receivables	95,219,134.14	817,816.66	17,271,836.34	113,308,787.14		30,902.87	11,784,517.73	11,815,420.60
Other assets - long-term receivables			23,323,096.73	23,323,096.73			6,996,929.02	6,996,929.02
Loans and advances are issued	125,671,206,440.82	7,235,084,988.13	3,712,957,960.61	136,619,249,389.56	1,535,605,280.52	1,249,825,163.75	1,373,640,968.42	4,159,071,412.69

Debt investment	56,652,086,104.74	1,321,653,305.77	819,021,501.68	58,792,760,912.19	31,400,396.68	152,145,524.26	591,249,603.32	774,795,524.26
subtotal	240,208,332,899.31	8,649,171,368.59	4,641,851,760.05	253,499,356,027.95	1,576,109,938.53	1,413,060,815.91	2,010,512,364.82	4,999,683,119.26
2. Financial assets measured at fair value through other comprehensive income								
Loans and advances are issued	19,296,132,949.79			19,296,132,949.79	5,321,870.40			5,321,870.40
Other debt investments	20,413,173,096.82			20,413,173,096.82	2,401,973.00			2,401,973.00
Investments in other equity instruments	258,419,291.18			258,419,291.18				
subtotal	39,967,725,337.79			39,967,725,337.79	7,723,843.40			7,723,843.40
total	280,176,058,237.10	8,649,171,368.59	4,641,851,760.05	293,467,081,365.74	1,583,833,781.93	1,413,060,815.91	2,010,512,364.82	5,007,406,962.66

(CONTINUED)

project	2022/12/31							
	Book balance				Expected credit impairment provisions			
	Phase 1	Phase II	Phase 3	total	Phase 1	Phase II	Phase 3	total
1. Financial assets measured at amortized cost								
cash and deposits with the central bank	15,112,512,545.94			15,112,512,545.94				
Deposit of funds with	664,407,050.74			664,407,050.74				

peers and other financial institutions								
Lending funds	20,599,854,487.88			20,599,854,487.88	11,331,865.38			11,331,865.38
Buy and sell back financial assets	17,316,681,372.22			17,316,681,372.22				
Other assets - interest receivable	10,201,592.61	10,103,871.71	56,639,419.78	76,944,884.10	112,077.01	1,010,062.06	32,205,680.61	33,327,819.68
Other assets - other receivables	75,551,637.08	342,817.64	1,046,958,354.46	1,122,852,809.18		10,284.53	521,445,106.18	521,455,390.71
Other assets - long-term receivables			23,423,096.73	23,423,096.73			7,026,929.02	7,026,929.02
Loans and advances are issued	108,024,832,578.25	9,093,133,968.94	2,431,757,366.30	119,549,723,913.49	1,045,428,312.46	1,642,342,170.10	1,042,157,358.96	3,729,927,841.52
Debt investment	48,779,397,039.74	188,604,420.54	889,620,000.00	49,857,621,460.28	144,019,012.17	14,758,088.48	242,329,980.12	401,107,080.77
subtotal	210,583,438,304.46	9,292,185,078.83	4,448,398,237.27	224,324,021,620.56	1,200,891,267.02	1,658,120,605.17	1,845,165,054.89	4,704,176,927.08
2. Financial assets measured at fair value through other comprehensive income								
Loans and advances are issued	17,623,416,187.32			17,623,416,187.32	3,273,194.79			3,273,194.79
Other debt investments	10,903,826,335.60			10,903,826,335.60	1,635,587.71			1,635,587.71
Investments in other equity instruments	277,305,910.65			277,305,910.65				
subtotal	28,804,548,433.57			28,804,548,433.57	4,908,782.50			4,908,782.50

total	239,387,986,738.03	9,292,185,078.83	4,448,398,237.27	253,128,570,054.13	1,205,800,049.52	1,658,120,605.17	1,845,165,054.89	4,709,085,709.58

(2) Credit risk of loans and advances

(1) It has not been overdue and has not been impaired

project	December 31, 2023	December 31, 2022
Corporate loans		
Where: Normal	116,170,314,861.33	93,322,567,925.41
concern	6,318,047,551.94	6,113,015,421.10
subtotal	122,488,362,413.27	99,435,583,346.51
Personal loans		
Where: Normal	27,959,181,416.40	31,572,321,807.58
concern	312,619,934.30	206,564,111.48
subtotal	28,271,801,350.70	31,778,885,919.06
total	150,760,163,763.97	131,214,469,265.57
Less: Loan impairment provisions	2,629,356,048.92	1,887,803,141.65
Net	148,130,807,715.05	129,326,666,123.92

(2) Overdue and unimpaired loans

project	December 31, 2023	December 31, 2022
Within 3 months	1,442,260,614.77	2,178,737,597.66
total	1,442,260,614.77	2,178,737,597.66
Less: Loan impairment provisions	156,074,395.35	215,711,150.47
Net	1,286,186,219.42	1,963,026,447.19

(3) Impaired loans

project	December 31, 2023	December 31, 2022
Line of Credit	17,490,967.94	5,704,198.25
Guaranteed loans	485,152,291.90	689,127,862.91
mortgage	3,139,844,064.46	3,044,763,996.87
Pledged loans	70,470,636.31	40,337,179.56
total	3,712,957,960.61	3,779,933,237.59
Less: Loan impairment provisions	1,373,640,968.42	1,626,413,549.40
Net	2,339,316,992.19	2,153,519,688.19

(2) Market risk (including exchange rate risk and interest rate risk)

The Bank bears the market risk of losses in the Bank's on-balance sheet and off-balance sheet business due to adverse changes in market prices (interest rates, exchange rates, debt investments). Market risk may affect all market risk sensitive financial products, including loans, deposits, loans, debt investments, etc., due to general or specific changes in the market that affect interest rates and currency trading positions.

1. Exchange rate risk management

The Bank has continuously improved the risk management of the Bank's foreign exchange capital business and improved its management capabilities by improving the foreign exchange business process, strengthening the authorization and approval system for foreign exchange transactions, and implementing strict open position management on foreign exchange transactions and foreign currency lending business limits. Currency mismatches are minimized by rationalizing the source and use of foreign currency funds.

The following table summarizes the Bank's exposure to foreign currency exchange rates at the end of the period, and the carrying amount of assets and liabilities in each primary currency has been converted into RMB.

As of December 31, 2023:

project	Renminbi	The US dollar is equivalent to the Chinese yuan	Other currencies are equivalent to RMB	total
Asset:				
Cash and deposits with the Central Bank	19,010,249,618.26	3,771,757.31	436,387.19	19,014,457,762.76
Deposit interbank money	693,957,763.45	59,691,190.58	15,538,412.64	769,187,366.67
Lending funds	15,575,557,902.75			15,575,557,902.75
Buy and sell back financial assets	22,418,897,278.36			22,418,897,278.36
Loans and advances are made	151,645,368,731.13	110,942,195.53		151,756,310,926.66
Financial investments				
Tradable financial assets	8,825,677,812.97			8,825,677,812.97
Debt investment	58,017,965,387.93			58,017,965,387.93
Other debt investments	20,413,173,096.82			20,413,173,096.82
Investments in other equity instruments	258,419,291.18			258,419,291.18
Other assets	243,429,233.35			243,429,233.35
Total assets	297,102,696,116.20	174,405,143.42	15,974,799.83	297,293,076,059.45

Liability:				
Borrowing from the Central Bank	5,918,567,070.04			5,918,567,070.04
Interbank and other financial institutions deposit money	6,043,276,114.29			6,043,276,114.29
Split funds	4,854,324,566.59			4,854,324,566.59
Proceeds from the sale and repurchase of financial assets	23,114,314,716.98			23,114,314,716.98
Absorb deposits	205,660,708,543.32	76,945,895.23	210,869.87	205,737,865,308.42
Bonds payable	32,733,845,529.54			32,733,845,529.54
Other liabilities	331,546,710.48			331,546,710.48
Total liabilities	278,656,583,251.24	76,945,895.23	210,869.87	278,733,740,016.34
Net exposure to balance sheets	18,446,112,864.96	97,459,248.19	15,763,929.96	18,559,336,043.11

As of December 31, 2022:

project	Renminbi	The US dollar is equivalent to the Chinese yuan	Other currencies are equivalent to RMB	total
Asset:				
Cash and deposits with the Central Bank	15,109,207,987.59	2,817,570.72	486,987.63	15,112,512,545.94
Deposit interbank money	605,724,849.08	43,715,977.46	14,966,224.20	664,407,050.74
Lending funds	20,428,195,787.40	160,326,835.10		20,588,522,622.50
Buy and sell back financial assets	17,316,681,372.22			17,316,681,372.22
Loans and advances are made	133,398,291,113.17	44,921,146.12		133,443,212,259.29
Financial investments				
Tradable financial assets	10,263,856,107.39			10,263,856,107.39
Debt investment	49,456,514,379.51			49,456,514,379.51
Other debt investments	10,903,826,335.60			10,903,826,335.60
Investments in other equity instruments	277,305,910.65			277,305,910.65
Other assets	661,410,650.60			661,410,650.60
Total assets	258,421,014,493.21	251,781,529.40	15,453,211.83	258,688,249,234.44
Liability:				
Borrowing from the Central Bank	3,722,939,346.59			3,722,939,346.59
Interbank and other financial institutions deposit money	4,639,846,173.88			4,639,846,173.88
Split funds	4,404,108,960.46			4,404,108,960.46

Proceeds from the sale and repurchase of financial assets	17,548,699,040.41			17,548,699,040.41
Absorb deposits	175,767,440,202.61	79,447,709.76	43,948.78	175,846,931,861.15
Bonds payable	34,341,253,926.50			34,341,253,926.50
Other liabilities	411,058,898.52			411,058,898.52
Total liabilities	240,835,346,548.97	79,447,709.76	43,948.78	240,914,838,207.51
Net exposure to balance sheets	17,585,667,944.24	172,333,819.64	15,409,263.05	17,773,411,026.93

2. Interest rate risk management

Interest rate risk refers to the risk that adverse changes in the level of interest rates will affect the financial condition of a bank. Banking interest rate risk is inherent in many of our businesses, and factors that give rise to interest rate risk include the time difference in the maturity date of a contract or the replacement rate of assets and liabilities. The interest rate risk of holding for trading purposes is mainly derived from the portfolio of treasury business. The Bank's interest rate risk is controlled by the head office.

At each balance sheet date, the repricing or maturity date (whichever is earlier) of the Bank's financial assets and financial liabilities is as follows:

As of December 31, 2023:

project	Within 3 months (including 3 months)	3 months to 1 year (including 1 year)	1 year to 5 years (including 5 years)	More than 5 years	Overdue/non-interest-bearing	Total
Asset Item:						
cash and deposits with the central bank	18,826,426,586.94				188,031,175.82	19,014,457,762.76
Deposit interbank money	768,262,341.84				925,024.83	769,187,366.67
Lending funds	1,800,000,000.00	13,500,000,000.00			275,557,902.75	15,575,557,902.75
Buy and sell back financial assets	22,398,168,299.87				20,728,978.49	22,418,897,278.36
Loans and advances are issued	11,654,331,030.32	32,821,822,208.17	65,237,751,264.67	40,653,434,312.14	1,388,972,111.36	151,756,310,926.66
Financial investments						
Tradable financial assets	5,141,701,705.29	1,905,576,562.85	1,067,382,901.56	299,342,768.61	411,673,874.66	8,825,677,812.97
Debt investment	586,361,557.59	3,651,330,996.56	31,255,623,559.94	22,407,600,136.45	117,049,137.39	58,017,965,387.93
Other debt investments	357,260,682.88	333,181,876.50	16,232,236,976.96	3,490,493,560.48		20,413,173,096.82
Other equity instruments					258,419,291.18	258,419,291.18
Other assets					243,429,233.35	243,429,233.35
Total assets	61,532,512,204.73	52,211,911,644.08	113,792,994,703.13	66,850,870,777.68	2,904,786,729.83	297,293,076,059.45
Liabilities:						
Borrowing from the Central Bank	1,490,000,000.00	4,425,300,000.00			3,267,070.04	5,918,567,070.04
Interbank deposits	5,339,107,448.45	700,000,000.00			4,168,665.84	6,043,276,114.29
Split funds	698,000,000.00	3,302,000,000.00	850,000,000.00		4,324,566.59	4,854,324,566.59
Sell and repurchase financial assets	23,096,375,444.43				17,939,272.55	23,114,314,716.98
Absorb deposits	80,626,706,130.94	41,688,270,100.13	77,875,157,513.17		5,547,731,564.18	205,737,865,308.42
Bonds payable	8,940,196,653.36	12,060,818,700.76	11,000,000,000.00	588,956,000.00	143,874,175.42	32,733,845,529.54
Other liabilities					331,546,710.48	331,546,710.48

Total liabilities	120,190,385,677.18	62,176,388,800.89	89,725,157,513.17	588,956,000.00	6,052,852,025.10	278,733,740,016.34
Total Interest Rate Sensitivity Gap	-58,657,873,472.45	-9,964,477,156.81	24,067,837,189.96	66,261,914,777.68	-3,148,065,295.27	18,559,336,043.11

As of December 31, 2022:

project	Within 3 months (including 3 months)	3 months to 1 year (including 1 year)	1 year to 5 years (including 5 years)	More than 5 years	Overdue/non-interest-bearing	Total
Asset Item:						
cash and deposits with the central bank	14,915,913,577.79				196,598,968.15	15,112,512,545.94
Deposit interbank money	663,241,963.21				1,165,087.53	664,407,050.74
Lending funds	6,658,592,800.00	13,690,388,000.00			239,541,822.50	20,588,522,622.50
Buy and sell back financial assets	17,306,449,587.03				10,231,785.19	17,316,681,372.22
Loans and advances are issued	9,645,349,935.31	35,227,269,719.30	54,039,591,164.12	31,393,278,390.55	3,137,723,050.01	133,443,212,259.29
Financial investments						
Tradable financial assets	5,439,695,847.37	1,749,142,505.57	1,016,003,559.82	2,059,014,194.63		10,263,856,107.39
Debt investment	1,607,825,595.62	4,068,136,483.90	27,496,387,245.13	15,714,940,440.43	569,224,614.43	49,456,514,379.51
Other debt investments	105,040,350.68	425,648,216.44	8,380,675,208.37	1,992,462,560.11		10,903,826,335.60
Other equity instruments					277,305,910.65	277,305,910.65
Other assets					661,410,650.60	661,410,650.60
Total assets	56,342,109,657.01	55,160,584,925.21	90,932,657,177.44	51,159,695,585.72	5,093,201,889.06	258,688,249,234.44
Liabilities:						
Borrowing from the Central Bank	970,927,201.53	2,750,000,000.00			2,012,145.06	3,722,939,346.59
Interbank deposits	3,837,948,387.51	800000000			1,897,786.37	4,639,846,173.88
Split funds	600,000,000.00	1,792,000,000.00	2,008,000,000.00		4,108,960.46	4,404,108,960.46
Sell and repurchase financial assets	17,541,079,182.62				7,619,857.79	17,548,699,040.41

Absorb deposits	67,083,523,026.61	37,512,679,995.69	67,099,268,685.25		4,151,460,153.60	175,846,931,861.15
Bonds payable	11,516,487,862.40	13,891,687,373.77	8,000,000,000.00	776,536,000.00	156,542,690.33	34,341,253,926.50
Other liabilities					411,058,898.52	411,058,898.52
Total liabilities	101,549,965,660.67	56,746,367,369.46	77,107,268,685.25	776,536,000.00	4,734,700,492.13	240,914,838,207.51
Total Interest Rate Sensitivity Gap	-45,207,856,003.66	-1,585,782,444.25	13,825,388,492.19	50,383,159,585.72	358,501,396.93	17,773,411,026.93

3. Flow risk management

Liquidity risk refers to the risk that the Bank is unable to meet the needs of customers for withdrawing due liabilities, new loans, reasonable financing, etc., or unable to meet these needs at normal costs.

The Bank manages liquidity risk with the aim of optimizing the balance sheet structure, maintaining stable deposits, forecasting cash flows and assessing the level of liquid assets to ensure that the Bank's liquidity is reasonable and sufficient. The Bank's financial assets and financial liabilities are analysed as follows:

As of December 31, 2023:

project	Immediate repayment	Within 3 months (including 3 months)	3 months to 1 year	1 year to 5 years	More than 5 years	Overdue/indefinite	Total
Asset Item:							
cash and deposits with the central bank	8,934,069,323.37	5,432,662.79				10,074,955,776.60	19,014,457,762.76
Deposit interbank money	769,187,366.67						769,187,366.67
Lending funds		5,751,117,863.65	10,057,319,038.07				15,808,436,901.72
Buy and sell back financial assets		22,427,210,199.09					22,427,210,199.09
Loans and advances are issued		11,908,776,607.69	34,328,506,407.41	75,928,632,186.14	68,119,417,647.54	2,094,880,239.00	192,380,213,087.78

Financial investments							
Tradable financial assets		5,779,984,674.80	4,213,179,281.54	3,065,945,208.64	7,807,051,057.94	436,218,129.39	21,302,378,352.31
Debt investment		584,544,816.44	3,848,764,328.77	34,455,727,168.77	29,176,216,489.65	819,021,501.68	68,884,274,305.31
Other debt investments		351,715,397.26	336,673,621.92	17,302,086,486.30	4,009,999,895.89		22,000,475,401.37
Investments in other equity instruments						258,419,291.18	258,419,291.18
Other assets						243,429,233.35	243,429,233.35
Total assets	9,703,256,690.04	46,808,782,221.72	52,784,442,677.71	130,752,391,049.85	109,112,685,091.02	13,926,924,171.20	363,088,481,901.54
Liabilities:							
Borrowing from the Central Bank		1,494,099,048.70	4,486,435,558.43			20,611,500.00	6,001,146,107.13
Interbank deposits	6,043,276,114.29						6,043,276,114.29
Split funds		701,642,273.52	3,361,252,120.02	879,398,689.12			4,942,293,082.66
Sell and repurchase financial assets		23,120,277,628.60					23,120,277,628.60
Absorb deposits	51,951,915,509.57	30,099,335,990.95	43,658,613,083.75	87,226,157,561.27		4,914,168,309.27	217,850,190,454.81
Bonds payable	18,210,000,000.00		3,032,169,863.01	11,740,859,452.05	809,412,719.06		33,792,442,034.12
Other liabilities						331,546,710.48	331,546,710.48
Total liabilities	76,205,191,623.86	55,415,354,941.77	54,538,470,625.21	99,846,415,702.44	809,412,719.06	5,266,326,519.75	292,081,172,132.09
Net liquidity	-66,501,934,933.82	-8,606,572,720.05	-1,754,027,947.50	30,905,975,347.41	108,303,272,371.96	8,660,597,651.45	71,007,309,769.45

As of December 31, 2022:

project	Immediate repayment	Within 3 months (including 3 months)	3 months to 1 year	1 year to 5 years	More than 5 years	Overdue/indefinite	Total
Asset Item:							
cash and deposits with the central bank	6,181,773,640.86	4,639,916.59				8,926,098,988.49	15,112,512,545.94

Deposit interbank money	664,407,050.74						664,407,050.74
Lending funds		6,770,994,582.06	14,116,429,291.67				20,887,423,873.73
Buy and sell back financial assets		17,321,912,336.33					17,321,912,336.33
Loans and advances are issued		20,162,966,682.63	32,156,052,971.12	75,124,635,227.22	31,025,285,138.79	4,732,470,498.23	163,201,410,517.99
Financial investments							
Tradable financial assets		5,178,675,069.50	1,784,091,871.47	1,031,901,997.21	2,371,409,865.86	272,008,659.98	10,638,087,464.02
Debt investment		1,983,405,774.32	5,820,101,042.97	32,889,129,883.57	18,763,160,050.00	824,745,000.00	60,280,541,750.86
Other debt investments		152,570,100.00	720,336,600.00	9,233,089,300.00	2,039,178,800.00		12,145,174,800.00
Investments in other equity instruments						277,305,910.65	277,305,910.65
Other assets		43,617,064.42				617,793,586.19	661,410,650.61
Total assets	6,846,180,691.60	51,618,781,525.85	54,597,011,777.23	118,278,756,408.00	54,199,033,854.65	15,650,422,643.54	301,190,186,900.87
Liabilities:							
Borrowing from the Central Bank		990,563,095.36	2,780,850,000.00				3,771,413,095.36
Interbank deposits	3,038,545,146.10	804,704,444.45	812,153,777.78				4,655,403,368.33
Split funds		601,382,444.44	1,823,610,856.00	2,106,127,500.00			4,531,120,800.44
Sell and repurchase financial assets		17,553,865,902.10					17,553,865,902.10
Absorb deposits	49,657,414,402.13	17,815,678,174.84	39,057,544,530.74	74,992,958,568.93		1,307,368,232.93	182,830,963,909.57

Bonds payable		11,556,410,958.90	14,413,076,821.09	8,311,736,986.30	800,727,755.77		35,081,952,522.06
Other liabilities						411,058,898.52	411,058,898.52
Total liabilities	52,695,959,548.23	49,322,605,020.09	58,887,235,985.61	85,410,823,055.23	800,727,755.77	1,718,427,131.45	248,835,778,496.38
Net liquidity	-45,849,778,856.63	2,296,176,505.76	-4,290,224,208.38	32,867,933,352.77	53,398,306,098.88	13,931,995,512.09	52,354,408,404.49

Nine Fair value

(1) The closing fair value of assets and liabilities measured at fair value

Fair value refers to the price that a market participant would have to pay for the sale of an asset or the transfer of a liability in an orderly transaction that occurred on the measurement date. Fair values measured and disclosed in the financial statements are determined on the basis of whether they are observable or estimated using valuation techniques.

Financial assets and financial liabilities measured at fair value are valued at the following three levels:

Tier 1: Unadjusted quotes for the same assets or liabilities in an active market.

Level 2: Inputs that are directly or indirectly observable for the underlying asset or liability in addition to the Level 1 inputs.

Level 3: Unobservable inputs to the underlying asset or liability.

As at 31 December 2023, financial assets and liabilities held at fair value are presented at the above three tiers as follows:

Ongoing fair value measurement in 2023	Open Market Price (Tier 1)	Valuation Techniques – Observable Market Variables (Level 2)	Valuation Techniques – Unobservable Market Variables (Tier 3)	total
Tradable financial assets	149,667,124.63	7,398,002,236.05	1,278,008,452.29	8,825,677,812.97
Other debt investments		20,413,173,096.82		20,413,173,096.82
Loans and advances made at fair value through other comprehensive income			19,296,132,949.79	19,296,132,949.79
Investments in other equity instruments	213,214,243.35		45,205,047.83	258,419,291.18
Total financial assets	362,881,367.98	27,811,175,332.87	20,619,346,449.91	48,793,403,150.76

(continued)

Continued fair value measurement in 2022	Open Market Price (Tier 1)	Valuation Techniques – Observable Market Variables (Level 2)	Valuation Techniques – Unobservable Market Variables (Tier 3)	total
Tradable financial assets	272,008,659.98	7,538,242,350.21	2,453,605,097.20	10,263,856,107.39

Other debt investments		10,903,826,335.60		10,903,826,335.60
Loans and advances made at fair value through other comprehensive income			17,623,416,187.32	17,623,416,187.32
Investments in other equity instruments	246,208,741.35		31,097,169.30	277,305,910.65
Total financial assets	518,217,401.33	18,442,068,685.81	20,108,118,453.82	39,068,404,540.96

Note: The Bank has not transferred the fair value tier of financial instruments from Tier 1 and Tier 2 to Tier 3, nor has it converted the fair value tier of financial instruments between Tier 1 and Tier 2.

For financial instruments traded in an active market, the Bank determines its fair value based on active market quotations; For financial instruments that are not traded in active markets, we use valuation techniques to determine their fair value. The financial instruments classified by the Bank as Level 2 mainly include bond investments, etc. The fair value of RMB bonds is determined based on the valuation results of the Central Depository and Clearing Co., Ltd. All material valuation parameters are valued using observable market information techniques.

(2) Financial assets and liabilities not measured at fair value

Financial assets and financial liabilities not measured at fair value mainly include: cash and deposits with the central bank, deposits with interbank funds, lending funds, buying and selling financial assets, granting loans and advances, debt investments, held-to-maturity investments, receivables investments, borrowings from the central bank, deposits with interbank and other financial institutions, borrowing funds, selling and repurchasing financial liabilities, absorbing deposits, and bonds payable.

For debt investments and bonds payable that are not reflected or disclosed at fair value, the carrying amount and fair value are shown in the following table (financial assets and financial liabilities whose fair value is not available in the open market are not listed):

Account name	December 31, 2023	
	book value	Fair value
Financial Assets:		
Debt Investments - Bonds	55,271,870,457.75	55,762,810,808.29

Financial Liabilities:		
Bonds payable - debt securities	14,732,830,175.42	14,482,068,880.68
Bonds payable - Interbank certificates of deposit	18,001,015,354.12	18,009,749,670.00

Note: As of the end of 2023, there is no material difference between the carrying amount and fair value of financial assets and financial liabilities for which the Bank is unable to obtain fair value in the open market.

Account name	December 31, 2022	
	book value	Fair value
Financial Assets:		
Debt Investments - Bonds	44,926,149,900.67	44,485,779,373.84
Financial Liabilities:		
Bonds payable - debt securities	10,148,920,673.10	10,145,503,000.00
Bonds payable - Interbank certificates of deposit	22,134,227,508.28	22,118,831,950.00

Note: As of the end of 2023, there is no material difference between the carrying amount and fair value of financial assets and financial liabilities for which the Bank is unable to obtain fair value in the open market.

Ten Related party relationships and their transactions

(1) Related parties of the Bank

1. Shareholders holding more than 5% (including 5%) of the shares of the Bank

As of 31 December 2023, major shareholders holding 5% or more of the Bank's shares include:

Name of shareholder	Shareholding ratio (%).		Main business
	December 31, 2023	December 31, 2022	
Chongqing Urban Construction Investment (Group) Co., Ltd	20.00	0.00	Urban construction investment (excluding finance and fiscal credit business).
Chongqing Expressway Group Co., Ltd	17.69	2.47	It is engaged in the investment, financing, construction, operation and asset management of operating highways and other transportation infrastructure projects, as well as the development and operation management of expressway resources.
Chongqing Development & Investment Co., Ltd	13.20	0.00	Carry out investment and management of funds, equity, creditor's rights, etc., and carry out management, development, operation, capital operation and management of entrusted or transferred state-owned resources, assets and assets formed by investment, and other related businesses authorized by investors.

Name of shareholder	Shareholding ratio (%).		Main business
	December 31, 2023	December 31, 2022	
Chongqing Real Estate Group Co., Ltd	10.04	0.00	Engaged in investment activities, land consolidation services, and project management services with its own funds.
Seiko Holding Group (Zhejiang) Investment Co., Ltd	9.94	9.94	industrial investment; Wholesale and retail of chemical products, non-ferrous metals, textile fabrics.

In 2023, the following companies have connected transactions with the Bank that are directly and indirectly controlled by shareholders with significant influence:

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
Beijing Yuxin Xinyuan Investment Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91110111MA01YY532X	Note 1
Jiaxin Property Management (Chongqing) Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500112MA61368TX6	
Chongqing SDIC Wealth Investment Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500103787488328Y	
Chongqing Guotou Property Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	915001036710383920	
Chongqing Guosen Asset Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	915001126689382779	
Chongqing Road and Bridge Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	9150000020285694X0	
Chongqing Future Investment Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an	Chongqing International Trust Co., Ltd	9150000202820031J	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
	indirect controlling shareholder			
Chongqing Yufu Expressway Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	9150000075307715XY	
Tongfang Guoxin Investment Holdings Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500000660887401L	
Tongfang CNKI (Beijing) Technology Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	911101087693507203	
Yimin Fund Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500000781591914M	
Yunnan Textile (Group) Co., Ltd	An enterprise controlled by the chairman of Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91530100292102622P	
Chongqing Guoxin Jinye Trading Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500112MA60M0TM21	
Chongqing Hualu Investment Co., Ltd	An enterprise controlled by the chairman of Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500000671048937J	
Chongqing Three Gorges Asset Management Co., Ltd	An enterprise controlled by Tongfang Guoxin Investment Holding Co., Ltd., an indirect controlling shareholder	Chongqing International Trust Co., Ltd	91500000668947632B	
Ancheng Property & Casualty Insurance Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500000790749680K	Note 2

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
Chongqing Chengtou Gold Card Good Luck Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500105MA5U48F371	
Chongqing National Survey Enterprise Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500103MAAC20LF3F	
Chongqing International Convention and Exhibition Center Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500108798044845E	
Chongqing Jiexing Real Estate Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500112588046009P	
Chongqing Jiuguoqing Agriculture and Forestry Comprehensive Development Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	915001103203203964	
Chongqing Chengtou Public Rental Housing Construction Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500000554093288Q	
Chongqing Chengtou Golden Card Information Industry (Group) Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	915001087815742844	
Chongqing Wanzhou Airport Service Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	915001016786728553	
Chongqing Wanzhou Airport Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the	Chongqing Urban Construction Investment (Group) Co., Ltd	915001012079367463	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
	Bank's shares and having significant influence			
Chongqing Yu Development Property Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	9150010320329108X3	
Chongqing Chongqing Development Asset Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	915001057842240528	
Chongqing Credit Information Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Urban Construction Investment (Group) Co., Ltd	91500108MA61C3DH43	
Chongqing Kangtian Real Estate (Group) Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Real Estate Group Co., Ltd	91500106756201865F	
Chongqing Qinghe Digital Intelligence Technology Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Real Estate Group Co., Ltd	915001053459381929	
Chongqing Public Housing Development and Construction Investment Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Real Estate Group Co., Ltd	91500000552008043U	
Chongqing Antler Group Development and Investment Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Real Estate Group Co., Ltd	9150011366894516X7	
Chongqing Yudi Asset Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Real Estate Group Co., Ltd	915001037094290158	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
Dianjiang County Nanyang Construction Project Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	91500231MA5U83R31U	
High-speed housekeeper (Chongqing) Industrial Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	915001126814940250	
Chongqing High-speed Culture Media Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	915001032028211147	
Chongqing Chuanjiu Construction Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	91500000202898314T	
Chongqing High-speed Railway Construction Wankaida Expressway Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	91500101MAABY14T6R	
Chongqing Juneng Construction (Group) Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	91500000450414243L	
Chongqing Juneng Construction Group Road and Bridge Engineering Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	91500000580178381D	
Chongqing Qianniu Construction Engineering Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Expressway Group Co., Ltd	915001092032094531	
Chongqing Wanli Wanda Expressway Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the	Chongqing Expressway Group Co., Ltd	915000005748342587	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
	Bank's shares and having significant influence			
Chongqing Security Group Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	915001037874851003	
Chongqing Security Group Golden Shield Escort Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500000581459871E	
Chongqing Development Real Estate Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	915000007453192510	
Chongqing Feiqite Human Resources Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	9150010570944299XP	
Chongqing Huiren Big Data Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500112MAAC32C39F	
Chongqing Science and Technology Finance Group Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500000736597444C	
Chongqing Real Estate Financing Guarantee Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500000MA5U4GU26D	
Chongqing Dadukou District Science and Technology Industry Venture Capital Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500104060505764U	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
Chongqing Talent Market Group Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500105202856288Q	
Chongqing Shoushen Security Technology Prevention Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	9150011258145961X5	
Chongqing Yushun Rail Transit Security Service Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500112320451484G	
Chongqing Yunyang County Feiqite Human Resources Service Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500235MACL098DXW	
Chongqing Zhongxin Security Services Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500112580180844E	
Chongqing Key Industry Human Resources Group Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500105798019578B	
Chongqing Housing Construction Investment Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	9150000066087642XE	
Chongqing Railway Investment Group Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500000MA60G2XY97	
Chongqing Eaton Property Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the	Chongqing Development & Investment Co., Ltd	915001126689076142	

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
	Bank's shares and having significant influence			
Chongqing Yinglong Human Resources Management Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500108MABX3W350P	
Chongqing Yujia Health Care Service Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500112MAAC1BTU1G	
Chongqing Yujuren Human Resources Service Co., Ltd	Enterprises controlled by legal persons holding more than 5% (including 5%) of the Bank's shares and having significant influence	Chongqing Development & Investment Co., Ltd	91500112MA7JPWLF7N	
Chongqing Chongqing Financial Leasing Co., Ltd	Enterprises controlled by legal persons with significant influence on the Bank	Bank of Chongqing Co., Ltd	91500103MA5UFTC51R	

Note 1: From May 2023 onwards, there is no relationship between shareholders and the Bank after the transfer of equity.

Note 2: From May 2023 onwards, shareholders have an affiliated relationship with the Bank after receiving the equity.

2. Holding subsidiaries, joint ventures and associated enterprises of the Bank

As of December 31, 2023, the Bank had no holding subsidiaries, joint ventures and associates.

3. Key management personnel of the Bank and their close family members, as well as related units of the above-mentioned persons

Key management personnel of the Bank refer to the directors, supervisors and senior management of the Bank (including at least the President, Vice President, Chief Financial Officer and Secretary of the Board of Directors); Close family members mainly include spouses, parents, adult children and siblings, parents-in-law, spouses of children, spouses of siblings, siblings of spouses, and other family members who may have a transfer of interests.

The affiliated units of the key management personnel of the Bank and their close family members refer to the legal persons or other organizations other than the Bank that are directly or indirectly controlled by the Bank, or who serve as directors or senior managers.

In 2023, the affiliated units of the Bank's key management personnel and their close family members and the enterprises with which the Bank had connected transactions are as follows:

The name of the organization	Relationship with us	Affiliates	Social credit code	remark
Chongqing Hualu Investment Co., Ltd	Other enterprises controlled by the same key management personnel of the Bank	Liu Qinqin	91500000671048937J	Note 1
Yunnan Textile (Group) Co., Ltd	The same key management personnel of the Bank serve as directors of the Company	Liu Qinqin	91530100292102622P	
Red Bench Technology Co., Ltd	The same key management personnel of the Bank serve as directors of the Company	Wang Xiaoyan	91110108067282874H	
Guodu Securities Co., Ltd	The same key management personnel of the Bank serve as directors of the Company	Weng Zhenjie	91110101734161639R	
Bank of Chongqing Co., Ltd	The same key management personnel of the Bank serve as senior executives of the Company	Liu Songtao	91500000202869177Y	
Minsheng Jiayin Fund Management Co., Ltd	The same key management personnel of the Bank serve as directors of the Company	Lu Yimin	914403007178837879	
Great Wall Securities Co., Ltd	The same key management personnel of the Bank serve as directors of the Company	Lu Yimin	91440300192431912U	

Note 1: From May 2023 onwards, after the transfer of the shares of the original shareholders, the relevant units and personnel will no longer have an affiliated relationship with the Bank.

4. Other Related Parties

Other related parties of the Bank mainly include:

(1) Natural person shareholders and their close family members who indirectly hold more than 5% (including 5%) of the shares of the Bank. Close family members mainly include spouses, parents and parents-in-law, siblings and their spouses, children over the age of 18

and their spouses, brothers-in-law and siblings and parents of children's spouses;

(2) Key management personnel of the direct and indirect controlling shareholders of the Bank. Key management personnel mainly include directors, supervisors and senior management;

(3) Affiliates of the above-mentioned related parties. An affiliated unit is a legal person or other organization other than the Bank that is directly or indirectly controlled by the Bank, or serves as a director or senior manager.

(4) Other investors who exert significant influence on the Bank, specifically shareholders who have nominee directors but hold less than 5% of the shares of the Bank. In addition to the directors who serve in the Bank, other related parties of the Bank and the enterprises that have connected transactions with the Bank are as follows:

The name of the organization	Relationship with us	Affiliates/Affiliates	Social credit code	remark
Chongqing Green Building Real Estate Development Co., Ltd	Affiliated units of natural person shareholders who indirectly hold more than 5% (including 5%) of the Bank's shares	Fang Chaoyang	9150010158016035X3	
Zhejiang Jiabao New Fiber Group Co., Ltd	Affiliated units of natural person shareholders who indirectly hold more than 5% (including 5%) of the Bank's shares	Fang Chaoyang	913306006995003150	
Zhejiang Best Chemical Fiber Co., Ltd	Affiliated units of natural person shareholders who indirectly hold more than 5% (including 5%) of the Bank's shares	Fang Chaoyang	9133060074580425 7H	
Shaoxing Green Building Materials Co., Ltd	Affiliated units of natural person shareholders who indirectly hold more than 5% (including 5%) of the Bank's shares	Fang Chaoyang	91330621310580995B	

(2) Related party transactions

1.Pricing Policy

The Bank has formulated the Measures for the Administration of Related-Party

Transactions of Chongqing Three Gorges Bank (2022 Revised Edition) and the Operational Rules for the Administration of Related-Party Transactions of Chongqing Three Gorges Bank (2022 Revised Edition). The Bank's dealings with related parties are conducted on normal commercial terms and in the ordinary course of business, and their pricing principles are consistent with those of independent third-party transactions. There are three main pricing principles: market price, cost-plus pricing and negotiated price, and the parties to the transaction determine the pricing method according to the specific circumstances of the related party transaction, which is specified in the transaction agreement, and the corresponding decision-making and approval procedures are performed in accordance with the provisions of the administrative measures.

2.DIRECT OR INDIRECT RELATED PARTY TRANSACTIONS OF FINANCIAL INVESTMENTS

Type of investment product	Report items	Counterparties (direct and indirect)	December 31, 2023 / Year 2023		December 31, 2022 / Year 2022	
			Transaction balance	Trading gains and losses	Transaction balance	Trading gains and losses
Trust Schemes	Debt investment	Chongqing International Trust Co., Ltd. (Note 1)		8,995,068.49	380,899,506.85	27,360,000.00
Asset-backed bonds	Debt investment	Yunnan Textile (Group) Co., Ltd. (Note 1)		11,111,631.74	630,332,060.33	34,270,719.28
Corporate bonds	Debt investment	China Sigma Limited (Note 1)		3,504,456.57	138,235,960.40	16,572,595.03
total				23,611,156.80	1,149,467,527.58	78,203,314.31

Note 1: From May 2023, the financial investment transactions between CTG Bank and Chongqing International Trust Co., Ltd., Yunnan Textile (Group) Co., Ltd., and China Sigma Co., Ltd. will no longer be regarded as connected transactions.

3.Interest income

The name of the related party	2023 year	2022 year
1. Interest income from loans and advances		
Chongqing Yufu Expressway Co., Ltd	24,836,768.21	47,228,222.17
Zhejiang Jiabao New Fiber Group Co., Ltd	40,315,706.29	54,942,181.29
Chongqing Urban Construction Investment (Group) Co., Ltd	7,285,832.45	
Chongqing Development & Investment Co., Ltd	6,524,269.82	

Other legal entity affiliates	47,472,541.51	
Subtotal of related parties of natural persons	58,214.95	202,054.35
Total interest income from loans and advances	126,493,333.23	102,372,457.81
2. Interest income from loaned funds:		
Chongqing Chongqing Financial Leasing Co., Ltd	34,219,166.68	
Total interest income from loaned funds	34,219,166.68	-
3. Interest income from buying and selling back financial assets		
Great Wall Securities Co., Ltd. - Bonds		2,767,058.24
China Europe Fund Management Co., Ltd. - Bonds		105,613.57
Total interest income from the purchase and resale of financial assets		2,872,671.81

4.Interest expense:

The name of the related party	2023 year	2022 year
1. Absorb deposit interest expenses:		
Tongfang Global Life Insurance Company Limited		2,330,415.57
Tongfang Guoxin Investment Holdings Co., Ltd	26,817.61	217,386.24
Chongqing Yufu Expressway Co., Ltd	1,210,657.93	1,317,387.98
Chongqing Road and Bridge Co., Ltd	2,838.93	103.89
Chongqing Three Gorges Asset Management Co., Ltd	78.01	11,452.55
Chongqing International Trust Co., Ltd	23,864.45	28,357.10
Chongqing Development & Investment Co., Ltd	267,638.70	
Chongqing Real Estate Group Co., Ltd	60,110.50	
Chongqing Urban Construction Investment (Group) Co., Ltd	33,993.17	
Subtotal of other corporate related parties	13,612,834.01	52,485.55
Subtotal of other natural person affiliates	233,638.45	198,316.48
total	15,472,471.76	4,155,905.36
2. Interest expenses on interbank deposits:		
Chongqing International Trust Co., Ltd	3,594,155.87	17,215,844.04
Ancheng Property & Casualty Insurance Co., Ltd	29,705,661.71	
Chongqing Chongqing Financial Leasing Co., Ltd		
total	33,299,817.58	17,215,844.04

5. Fees and commissions

The name of the related party	Type of income	2023 year	2022 year
Chongqing International Trust Co., Ltd	Handling fee for consignment trusts		1,389,621.90
Chongqing International Trust Co., Ltd	Storage fees		622,829.17
Chongqing Chuanjiu Construction Co., Ltd	Guaranteed business fees	35,381.60	
Total fee and commission income		35,381.60	2,012,451.07

6. Business and management fees

(1) Related party leases

The name of the related party	2023 year	2021 year
Chongqing International Trust Co., Ltd	2,717,460.32	8,160,000.00

Note: From May 2023 onwards, the leasing business between the Bank and Chongqing International Trust Co., Ltd. will no longer be regarded as an affiliated lease.

(2) Others (property management fees, meal expenses, etc.).

The property management agency of the office public space leased by the Bank Yuzhong Sub-branch is Chongqing Guotou Property Management Co., Ltd., and the meal expenses of the employees of Yuzhong Sub-branch are settled with Chongqing Guotou Property Management Co., Ltd., and the amount of annual payment is very small, which will not have a significant impact on the Bank's financial statements for 2023.

7. Purchase of Assets/Receipt of Services

The name of the related party	Details of related party transactions	2023 year	2022 year
Chongqing Yufu Expressway Co., Ltd	Yufu high-speed advertising production and release	288,000.00	72,000.00
Jiaxin Property Management (Chongqing) Co., Ltd	Pre-property services for 4-4 office buildings in the International Metropolis, pre-property services for 4-4 office buildings in the Zhongyu International Metropolis	2,611,733.22	4,874,667.00
Chongqing Shoushen Security Technology Prevention Co., Ltd	The monitoring center is on duty and the self-service outlets are patrolling	373,296.40	
Chongqing Zhongxin Security Services Co., Ltd	Security services	12,102,541.37	
Chongqing Security Group Golden Shield Escort Co., Ltd	Escort services	11,364,981.09	
total		26,740,552.08	1,277,230.00

Note: From May 2023 onwards, the Bank's related business with Chongqing Yufu Expressway Co., Ltd. and Jiaxin Property Management (Chongqing) Co., Ltd. will no longer be regarded as related business.

8. Related party transactions of key management personnel

The Bank's key management personnel include directors, supervisors and senior management. The Bank conducts normal banking transactions with key management personnel in the ordinary course of business. In 2022-2023, the Bank's transactions and balances with key management personnel are not material and will not have a significant impact on the Bank's financial statements for 2022-2023.

9. OTHER AGENCY BUSINESS

The Bank entrusts the "credit assets" legally owned by itself to Chongqing International Trust Co., Ltd. to Chongqing International Trust Co., Ltd. to carry out the transfer of trust beneficiary rights in China Yindeng Center or the credit asset securitization business in the national interbank market, and the Bank then accepts the entrustment of Chongqing International Trust Co., Ltd. as the "loan manager" of specific assets to provide management services and other services related to the "credit assets" and their disposal and recovery. The trust handling fee and loan management service fee charged by the Bank are borne by the trust property. For details, please refer to "Credit Asset-Backed Securities" in Note "VIII. Interests in Structured Entities".

(3) The unsettled amount of related party transactions

1.Loans and advances

The name of the related party	December 31, 2023	December 31, 2022
Chongqing Yufu Expressway Co., Ltd		640,000,000.00
Zhejiang Jiabao New Fiber Group Co., Ltd		686,800,000.00
Seiko Holding Group Co., Ltd	400,000,000.00	
Chongqing Chuanjiu Construction Co., Ltd	90,000,000.00	
Chongqing Development & Investment Co., Ltd	299,000,000.00	
Chongqing National Survey Enterprise Management Co., Ltd	50,000,000.00	
Chongqing International Convention and Exhibition Center Management Co., Ltd	10,000,000.00	
Chongqing Juneng Construction Group Road and Bridge Engineering Co., Ltd	90,000,000.00	
Chongqing Qianniu Construction Engineering Co., Ltd	98,000,000.00	
Chongqing Wanzhou Airport Service Co., Ltd	2,894,684.86	
Chongqing Wanzhou Airport Co., Ltd	183,887,148.62	
Chongqing Yu Development Property Management Co., Ltd	2,000,000.00	
Chongqing Chongqing Development Asset Management Co., Ltd	7,000,000.00	
Subtotal of related parties of natural persons		3,415,895.68
total	1,232,781,833.48	1,330,215,895.68

2.Absorb deposits

The name of the related party	December 31, 2023	December 31, 2022
Tongfang Guoxin Investment Holdings Co., Ltd		150,604,149.90
Chongqing Yufu Expressway Co., Ltd		43,210,835.54
Tongfang Global Life Insurance Company Limited		
Chongqing Three Gorges Asset Management Co., Ltd		268,990.38
Chongqing Road and Bridge Co., Ltd		204,520.27
Ancheng Property & Casualty Insurance Co., Ltd	810,631,489.11	
Chongqing Development & Investment Co., Ltd	188,226,292.86	
Chongqing High-speed Culture Media Co., Ltd	110,309,807.86	
Chongqing Credit Information Co., Ltd	101,827,895.95	
Chongqing Expressway Group Co., Ltd	9,478,918.58	
Chongqing Real Estate Group Co., Ltd	4,445,688.21	
Subtotal of other corporate related parties	407,017,437.91	5,123,961.85
Subtotal of related parties of natural persons	653,348.25	23,251,940.47
total	1,632,590,878.73	222,664,398.40

3.Peer-to-peer exchanges

The name of the related party	December 31, 2023	December 31, 2022
Asset:		
Chongqing Chongqing Financial Leasing Co., Ltd. - Split funds	357,371,388.89	
total	357,371,388.89	
Liability:		
Ancheng Property & Casualty Insurance Co., Ltd. - Interbank deposit	10,476,818.78	
Chongqing Chongqing Financial Leasing Co., Ltd. - interbank deposit	200,012,015.26	
Chongqing International Trust Co., Ltd. - Interbank deposit		909,646,976.35
Yimin Fund Management Co., Ltd. - Interbank deposit		80,640.29
total	210,488,834.04	909,727,616.64

4.Other liabilities

The name of the related party	December 31, 2023	December 31, 2022
Tongfang Co., Ltd. - Other payables		56,197.83
Tianyang Hongye Technology Co., Ltd. - Other payables		65,000.00
total		121,197.83

Eleven Commitments and Contingencies

(1) Capital commitments

project	December 31, 2023	December 31, 2022
Commitment to purchase and build long-term assets	65,628,564.32	67,152,150.99

Note: The Bank's capital commitment refers to the unpaid price of the signed contract. The acquisition and construction of long-term assets mainly refers to the purchase of housing, software and equipment, and renovation projects.

(2) Operating lease commitments

As at 31 December 2023, the Bank's operating lease commitments that are not included in the measurement of lease liabilities were insignificant.

(3) Off-balance sheet commitments

December 31, 2023			
project	amount	The amount of margin and certificate of deposit pledged	Percentage of margin
Banker's Acceptance	13,520,730,654.70	12,501,920,790.50	92.46%
A letter of guarantee is issued	2,166,827,536.46	705,075,713.52	32.54%
Issuance of letters of credit	3,712,860,457.05	3,194,786,666.59	86.05%
Other credit commitments	1,389,985,600.00		
total	20,790,404,248.21	16,401,783,170.61	78.89%

(continued)

December 31, 2022			
project	amount	The amount of margin and certificate of deposit pledged	Percentage of margin
Banker's Acceptance	16,009,377,315.93	14,543,653,633.44	90.84%
A letter of guarantee is issued	1,106,428,027.05	972,430,573.65	87.89%
Issuance of letters of credit	3,225,722,980.69	2,809,031,863.63	87.08%
Other credit commitments	1,760,470,300.00		
total	22,101,998,623.67	18,325,116,070.72	82.91%

The bank acceptance draft is issued by the payee or payer (or the acceptance applicant), and the acceptance applicant applies to the Bank, and the Bank examines and agrees to accept the credit business of the commercial draft.

Issuance of a letter of guarantee refers to the credit business in which the Bank undertakes to the beneficiary in the form of a letter of guarantee at the request of the applicant or the client, and when the applicant fails to perform the obligations or commitments agreed in the contract, the Bank will perform the debts or assume the liabilities in accordance with the letter of guarantee.

The issuance of L/C refers to the credit business in which the Bank issues a written guarantee document containing a certain amount of money to the beneficiary to be paid at a designated place within a certain period of time with the prescribed documents according to the requirements and instructions of the applicant.

Other credit commitments are mainly credit enhancement services (credit commitments) provided by the Bank.

(4) Entrusted business

1.Entrusted loans

project	December 31, 2023	December 31, 2022
Delegated deposits	1,782,585,689.83	1,707,445,917.84
Entrusted loans	1,782,585,689.83	1,707,445,917.84

The entrusted loan of the Bank refers to the money deposited by the Principal with the Bank, which is only used to issue the loan to a third party designated by the Client, and the credit risk related to the loan shall be borne by the Client. We charge a handling fee for the services provided.

2.Delegated financial management

project	December 31, 2023	December 31, 2022
Wealth management products	17,721,074,738.81	17,737,253,471.35

Entrusted wealth management business refers to the Bank's investment and asset management with the principal paid by the customer in accordance with the investment plan and method agreed with the customer in advance, and the risks related to the investment shall be borne by the customer. The Bank collects handling fee income such as wealth management fees from the business.

(5) Bond lending business

At the end of each period during the Reporting Period, the Bank's types of borrowed and loaned bonds on the interbank and exchange bond market trading platforms and the scale of business were as follows:

project	December 31, 2023	December 31, 2022
Bond lending - financial bonds	650,000,000.00	2,060,000,000.00
Bond Lending - Government bonds		516,000,000.00
total	650,000,000.00	2,576,000,000.00

Bond lending refers to the bond financing behavior in which the bond borrower borrows the underlying bonds from the bond lender with a certain number of bonds as pledge, and at the same time agrees to return the borrowed underlying bonds at a certain date in the future, and the bond lender returns the corresponding pledges.

At the end of the Reporting Period, the balance of the Bank's bond lending business and the financing of pledged bonds were as follows:

project	Balance as at December 31, 2023	Balance as at December 31, 2022
Incorporate pledge vouchers	445,000,000.00	3,658,700,000.00

12. Events after the balance sheet date

On April 9, 2024, the 13th meeting of the third board of directors of the Bank of China approved the proposal on profit distribution in 2023. In order to ensure the sustainability of the Bank's operation and development in the current period and in the future, and to take into account the return on investment of shareholders, profits are distributed to shareholders in cash in accordance with the Articles of Association of the Bank. As of December 31, 2023, the Bank's total distributable profit was RMB5,278,164,092.16, based on the total number of shares of 5,573,974,960 shares at the end of 2023, with a cash dividend of 047 yuan (including personal income tax), a total cash dividend of 261,976,823.12 yuan. After the cash dividend was paid, the undistributed profit of RMB 5,016,187,269.04 of the Bank was carried forward to the distribution of the following years. The dividend distribution plan is subject to the approval of the general meeting of shareholders.

13. Other important matters

(a) Division Information

serial number	project	Corporate Finance	Personal finance business	Treasury operations	No business assigned
	Operating income	2,524,397,087.24	998,959,084.78	1,578,497,303.24	17,503,722.30
1	Net interest income	2,474,916,991.05	1,086,210,728.63	803,456,953.09	-
2	Including: Net external interest income/(expense)	3,492,486,758.49	-1,861,434,194.17	2,733,532,108.45	-
3	Net Internal Interest Income/(Expense)	-1,017,569,767.44	2,947,644,922.80	-1,930,075,155.36	
4	Net fee and commission income	44,393,630.88	-87,251,643.85	251,134,470.42	
5	Including: fee and commission income	57,456,497.00	13,268,363.55	302,202,932.17	
6	Handling fees and commission expenses	13,062,866.12	100,520,007.40	51,068,461.75	
7	Other net operating income	5,086,465.31		523,905,879.73	17,503,722.30
	Operating expenses	2,220,884,921.04	453,324,287.70	857,215,949.88	25,465,905.12
8	Operating and administrative expenses and non-operating expenses	788,496,755.75	367,978,521.62	519,090,672.96	
9	Including: depreciation and amortization	91,825,721.69	36,337,444.44	57,418,325.66	
10	Business tax and surcharges	35,987,633.41	14,241,092.86	22,502,950.34	
11	Other business costs				906,066.83
12	Asset impairment losses	1,396,400,531.88	71,104,673.23	315,622,326.58	24,559,838.29
13	**Segment operating profit**	303,512,166.21	545,634,797.08	721,281,353.36	-7,962,182.82
	Plus: Non-operating income				2,831,319.09
	Less: Non-operating expenses				5,625,770.41
	Segment Profit	303,512,166.21	545,634,797.08	721,281,353.36	-10,756,634.14

14	Income tax expense	47,796,338.58	85,925,206.32	113,585,587.72	-1,693,927.90
15	**Net profit**	255,715,827.62	459,709,590.75	607,695,765.64	-9,062,706.24
16	Capital expenditures	859,622,541.97	340,171,422.36	537,519,184.74	
17	**Segment Assets**	125,037,725,217.63	30,116,319,677.50	146,815,553,252.58	-
18	Among them: investments in associates and joint ventures				
19	Fixed assets and construction in progress	849,483,741.44	336,159,277.47	531,179,425.69	
20	Other non-current assets	1,584,908,160.62	627,182,788.95	991,037,927.45	
21	**Segment liabilities**	93,282,845,093.61	113,384,157,534.21	72,999,397,323.01	-
22	Credit commitments	20,790,404,248.21			

(2) Asset disposal

1. TRANSFER OF NON-PERFORMING ASSETS

In 2023, the Bank transferred a total of 32 non-performing loans, with a total principal and interest of RMB484,374,518.71 and a total transfer price of RMB438,113,071.47.

2. WRITE-OFF OF NON-PERFORMING ASSETS

project	Loans and advances	Lending funds	Tradable financial assets	Debt investment	total
Write off the principal	1,483,491,766.37				1,483,491,766.37
Number of strokes	148				148

14. Capital adequacy ratio

The Bank's capital management aims to ensure continuous and sound operation, meet regulatory requirements and maximize capital returns. The Bank regularly reviews the Bank's capital position and the implementation of related capital management strategies, and ensures the achievement of the Bank's medium- and long-term business objectives and continuously improves the efficiency of capital use through active capital management.

Depending on the changes in the economic environment and the risk characteristics faced, the Bank will adjust its capital structure in a timely manner. The Bank submits the required information on capital adequacy ratios to regulators on a quarterly basis.

The Bank measures the capital adequacy ratio in accordance with the relevant provisions of the Measures for the Management of Capital of Commercial Banks (for Trial Implementation) (Decree No. 1 of 2012 of the China Banking Regulatory Commission). In accordance with the requirements, the weighted method was adopted for the measurement of credit risk-weighted assets during the reporting period, the standard method was adopted for the measurement of market risk-weighted assets, and the basic index method was adopted for the measurement of operational risk-weighted assets.

The regulatory capital position of the Bank calculated in accordance with the Measures for the Capital Management of Commercial Banks (Trial) issued by the China Banking and Insurance Regulatory Commission (CBIRC) on each balance sheet date is as follows: (Unit: RMB 10,000)

project	December 31, 2023	December 31, 2022
Core Tier 1 capital		
Paid-up capital	557,397.50	557,397.50
Capital reserve	296,902.65	296,902.65
Other comprehensive income	-6,031.94	-16,458.18
Surplus reserve	164,701.78	151,561.20
General Risk Provisions	419,533.42	364,695.16
Undistributed profits	527,816.41	493,771.34
Total core Tier 1 capital	1,960,319.82	1,847,869.67
Core Tier 1 capital deductions		
Other intangible assets (excluding land use rights)	30,285.85	24,166.17
Net core Tier 1 capital	1,930,033.97	1,823,703.50
Net other Tier 1 capital	270,000.00	270,000.00
Net Tier 1 capital	2,200,033.97	2,093,703.50
Tier 2 capital		
Tier 2 capital instruments and their premiums can be included in the part		100,000.00

project	December 31, 2023	December 31, 2022
Excess loan loss provisions can be included in the fraction	157,530.47	122,089.45
Total Tier 2 capital	157,530.47	222,089.45
Tier 2 capital deductions		
Net Tier 2 capital	157,530.47	222,089.45
Net capital	2,357,564.44	2,315,792.95
Risk-weighted assets		
Credit risk-weighted assets	16,844,642.30	16,158,549.60
Market risk-weighted assets	912,522.74	642,244.33
Operational risk-weighted assets	930,288.70	890,435.23
Total risk-weighted assets	18,687,453.73	17,691,229.16
Core Tier 1 capital adequacy ratio	10.33%	10.31%
Tier 1 capital adequacy ratio	11.77%	11.83%
Capital adequacy ratio	12.62%	13.09%

Chongqing Three Gorges Bank Co., Ltd

April 9, 2024

The notes to the financial statements on pages 10 to 89 are signed by the responsible persons listed below

Chairman of the Board and Legal Representative	President	The person in charge of financial and accounting work and the person in charge of financial and accounting institutions
Signature: ____________	Signature: ____________	Signature: ____________
Date: ____________	Date: ____________	Date: ____________

APPENDIX A – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: CHONGQING THREE GORGES BANK CO., LTD.
(SWIFT: CTGBCN22)

ADDRESS: 16F, #88 JIAZHOU RD,LONGXI AVENUE,YUBEI DISTRICT,CHONGQING, CHINA MAINLAND

DATE: 18 DECEMBER 2024

TO BENEFICIARY: CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED OF 3/F, CCB TOWER, 3 CONNAUGHT ROAD CENTRAL, CENTRAL, HONG KONG (SWIFT: CCBQHKAX, FACSIMILE NUMBER: +852 3918 6976) ("**YOU**" OR THE "**BENEFICIARY**") IN ITS CAPACITY AS TRUSTEE (THE "**TRUSTEE**", WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE) FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE "**BONDHOLDERS**") OF THE CNY200,000,000 4.8 PER CENT. CREDIT ENHANCED BONDS DUE 2027 (THE "**BONDS**") (ISIN: HK0001032066/COMMON CODE: 285049318/CMU INSTRUMENT NUMBER: BOAKFB24062) TO BE ISSUED BY CHONGQING FENGDU CULTURAL AND TOURISM GROUP CO., LTD. (THE "**ISSUER**") AND TO BE CONSTITUTED BY A TRUST DEED DATED 19 DECEMBER 2024 (THE "**ISSUE DATE**") BETWEEN THE ISSUER AND THE TRUSTEE (AS AMENDED, RESTATED, REPLACED AND/OR SUPPLEMENTED FROM TIME TO TIME, THE "**TRUST DEED**").

DEAR SIRS

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [Number]

AT THE REQUEST OF OUR CUSTOMER, THE ISSUER, WE, CHONGQING THREE GORGES BANK CO., LTD. (THE "**ISSUING BANK**", "**OUR**", "**US**" OR "**WE**"), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [Number] IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE ISSUER, IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE "**CONDITIONS**") AND THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (A "**DEMAND**") STATING THAT (1) THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION OR (2) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND PRESENTED BY YOU OR ON YOUR BEHALF BY 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY IMMEDIATELY FOLLOWING SUCH BUSINESS DAY, OR IF SUCH DEMAND IS RECEIVED BY US AFTER 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, THEN BY 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY IMMEDIATELY FOLLOWING SUCH BUSINESS DAY, PAY TO OR TO THE ORDER OF THE BENEFICIARY THE AMOUNT IN CNY SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE AND CLEARED FUNDS TO THE LC PROCEEDS ACCOUNT (AS

DEFINED IN THE CONDITIONS). "**BUSINESS DAY**" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH COMMERCIAL BANKS AND FOREIGN EXCHANGE MARKETS ARE OPEN FOR BUSINESS IN HONG KONG AND BEIJING.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN CNY AND SHALL NOT EXCEED CNY211,985,400 (THE "**MAXIMUM LIMIT**"), REPRESENTING (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE INTEREST PERIOD (BEING SIX MONTHS) IN ACCORDANCE WITH THE CONDITIONS AND (II) CNY7,185,400, BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS WHICH MAY BE INCURRED BY THE TRUSTEE OR PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY YOU IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR RIGHTS TO MAKE SUCH DEMAND.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE DATE HEREOF AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (HONG KONG TIME) ON 18 JANUARY 2028 (THE "**EXPIRY DATE**") OR THE DATE AS EXTENDED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF THE TRUSTEE TO US (SWIFT: CTGBCN22) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, THE TRUSTEE MAY INSTEAD PRESENT A DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86-023-88890249 ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE AND SUCH DEMAND SHALL BE SIGNED BY OR ON BEHALF OF THE TRUSTEE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED. A FACSIMILE DEMAND FROM THE BENEFICIARY PURSUANT TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BE ACCOMPANIED BY A COPY OF A LIST OF AUTHORISED SIGNATORIES AUTHORISING THE SIGNATORY OF THE DEMAND AND WE WILL PERFORM A CALL BACK CONFIRMATION WITH THE TRUSTEE AT +852 3918 6853 OR +852 3918 6734. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF FACSIMILE TRANSMISSION.

ONLY ONE DRAWING IS PERMITTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

ALL CHARGES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT (INCLUDING WITHOUT LIMITATION IN RESPECT OF ANY TRANSFER OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AS CONTEMPLATED BELOW) ARE FOR THE ACCOUNT OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN CNY AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE AND CLEARED FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF, COUNTERCLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW OR REGULATION, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE BENEFICIARY OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW AND REGULATION.

THE BENEFICIARY'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED AS CONTEMPLATED IN THE TRUST DEED IN RESPECT OF THE BONDS SUBJECT ONLY TO AT LEAST 15 DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86-023-88890249. THE NOTIFICATION OF TRANSFER OR RE-TRANSFER SHALL SPECIFY THE TRANSFEREE OR RE-TRANSFEREE AND THE EFFECTIVE DATE OF SUCH TRANSFER OR RE-TRANSFER. MULTIPLE TRANSFERS ARE PERMITTED, SUBJECT TO AS PROVIDED IN THIS PARAGRAPH.

OUR OBLIGATIONS AND LIABILITIES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE INDEPENDENT. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS NOT SUBJECT TO ANY CONTRACT, AGREEMENT, CONDITION OR QUALIFICATION. WE MAY NOT TRANSFER, ASSIGN OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHEN THE TRUSTEE WISHES TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS PERMITTED TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE TRUSTEE CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT (AS SPECIFIED ABOVE), OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, BY PRESENTING THE DEMAND VIA FACSIMILE TRANSMISSION AS SET OUT ABOVE, FROM THE DATE WE PROVIDE WRITTEN NOTIFICATION TO YOU OF THE RESUMPTION OF OUR BUSINESS; PROVIDED THAT IF WE ARE CLOSED BECAUSE OF SUCH UNEXPECTED EVENT ON THE EXPIRY DATE, THEN THE EXPIRY DATE SHALL AUTOMATICALLY EXTEND TO THE DATE THAT IS FIVE BUSINESS DAYS AFTER THE DATE WE PROVIDE WRITTEN NOTICE TO YOU OF THE RESUMPTION OF OUR BUSINESS AND UPON SUCH EXTENSION YOU MAY PRESENT YOUR DEMAND HEREUNDER.

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS BENEFICIARY SHALL BE CONDITIONAL UPON NO PAYMENT TO YOU BY THE ISSUER OR ANY OTHER PERSON ON THE ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS OR REGULATIONS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN

FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, YOU SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT THAT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 ("**UCP600**").

THIS IRREVOCABLE STANDBY LETTER OF CREDIT, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. NO PERSON SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. WE AGREE THAT (1) THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (INCLUDING ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT) AND (2) THAT THE COURTS OF HONG KONG ARE THE MOST APPROPRIATE AND CONVENIENT COURTS TO SETTLE ANY DISPUTE AND, ACCORDINGLY, THAT WE WILL NOT ARGUE THAT ANY OTHER COURTS ARE MORE APPROPRIATE OR CONVENIENT. IN CASE OF ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE DOCUMENTS WHICH START ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY OTHER DOCUMENTS REQUIRED TO BE SERVED IN RELATION TO SUCH ACTION OR PROCEEDINGS MAY BE SERVED ON US BY BEING DELIVERED TO US AT COGENCY GLOBAL (HK) LIMITED AT ROOM 2303, 23/F, THE SUN'S GROUP CENTRE, 200 GLOUCESTER ROAD, WAN CHAI, HONG KONG, WHOM WE HAVE APPOINTED AS OUR PROCESS AGENT. IF FOR ANY REASON WE CEASE TO HAVE SUCH PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

APPENDIX A-1 – FORM OF DEMAND

TO: CHONGQING THREE GORGES BANK CO., LTD. (SWIFT: CTGBCN22 16F, #88 JIAZHOU RD,LONGXI AVENUE,YUBEI DISTRICT,CHONGQING, CHINA MAINLAND)

DATE:

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] IN RESPECT OF THE CNY200,000,000 4.8 PER CENT. CREDIT ENHANCED BONDS DUE 2027 (THE "BONDS") ISSUED BY CHONGQING FENGDU CULTURAL AND TOURISM GROUP CO., LTD. (THE "ISSUER")

THE UNDERSIGNED IS A DULY AUTHORISED PERSON OF CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED WHICH IS HEREBY MAKING A DEMAND ON BEHALF OF CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS (THE "**BENEFICIARY**") UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [Number] (THE "**IRREVOCABLE STANDBY LETTER OF CREDIT**"). CAPITALISED TERMS USED HEREIN BUT NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1. THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

   (a) THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION.

   (b) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10.

2. WE HEREBY DEMAND YOU TO PAY CNY[AMOUNT] REPRESENTING THE AGGREGATE OF (I) INTEREST ACCRUED UP TO THE DATE WHEN THE BONDS CEASE TO BEAR INTEREST PURSUANT TO THE CONDITIONS, (II) THE PRINCIPAL AMOUNT OF THE OUTSTANDING BONDS AND (III) ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS INCURRED BY THE TRUSTEE OR PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT, THE IRREVOCABLE STANDBY LETTER OF CREDIT AND/OR ANY OTHER TRANSACTION DOCUMENTS RELATING TO THE BONDS.

3. WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNTS AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4. THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

[INSERT ACCOUNT DETAILS]

FOR AND ON BEHALF OF
CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
AS BENEFICIARY

BY: ______________________ NAME: ______________________ TITLE: ______________________

ISSUER

Chongqing Fengdu Cultural And Tourism Group Co., Ltd.
(重慶豐都文化旅遊集團有限公司)
No. 58, West section of Pingdu Avenue,
Sanhe Street, Fengdu County, Chongqing City, PRC

TRUSTEE

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

CMU LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

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

PRE-FUNDING ACCOUNT BANK AND LC PROCEEDS ACCOUNT BANK

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
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