

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.**

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**Confirmation of Your Representation:** This Offering Circular is being sent to you at your request and by accepting the email and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer and the Joint Lead Managers (each capitalised term as defined herein) that (1) you and any customers you represent are not located in the United States (as defined under Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), (2) the e-mail address that you gave and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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**Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer (as defined in the attached Offering Circular) has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Securities 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).

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

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN 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 DESCRIBED HEREIN 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 OUTSIDE THE UNITED STATES PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT.**

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer of the securities described herein or 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 securities described herein, 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). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this 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.

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

**YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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.**

**IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.**

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**HUANGSHI URBAN DEVELOPMENT INVESTMENT GROUP CO., LTD.**  
(黃石市城市發展投資集團有限公司)

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

**CNY369,680,000 3.9 per cent. Credit Enhanced Bonds due 2026**  
**supported by an irrevocable Standby Letter of Credit issued by**  
**Postal Savings Bank of China Co., Ltd. Huangshi Branch**

**Issue Price: 100.0 per cent.**

The CNY369,680,000 3.9 per cent. credit enhanced bonds due 2026 (the "Bonds") will be issued by Huangshi Urban Development Investment Group Co., Ltd. (黃石市城市發展投資集團有限公司) (the "Issuer" or the "Company"), a company incorporated under the laws of 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") issued by Postal Savings Bank of China Co., Ltd. Huangshi Branch (the "LC Bank") in favour of the Trustee (as defined in the terms and conditions of the Bonds (the "Conditions")), on behalf of itself and the holders of the Bonds (the "Bondholders"). See "Appendix A — Form of Irrevocable Standby Letter of Credit" for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including 7 December 2023 (the "Issue Date") at the rate of 3.9 per cent. per annum, payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year (each an "Interest Payment Date") commencing on 7 June 2024. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim and free and clear of, 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 or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, to the extent described under "Terms and Conditions of the Bonds — Taxation".

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 PRC government (including but not limited to the People's Government of Hubei Province, Huangshi Municipal Government and Huangshi SASAC) 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. See "Risk Factors — Risks Relating to the Bonds and the Standby Letter of Credit — The PRC government (including but not limited to the People's Government of Hubei Province, Huangshi Municipal Government and Huangshi SASAC) has no obligation to pay any amount under the Bonds as payment obligations under the Bonds remain the obligation of the Issuer".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt 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") issued by the National Development and Reform Commission of the PRC and its competent local counterpart (the "NDRC"), which has been replaced by the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (Decree No. 56 of the National Development and Reform Commission) (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)) (the "NDRC Administrative Measures") issued by the NDRC and effective as at 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies thereof as issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 4 January 2023 (the "Enterprise Foreign Debt Filing Certificate") evidencing such registration which, as at the date of this Offering Circular, remains valid and in full force and effect. The Issuer undertakes that it will (i) file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the Bonds within ten Registration Business Days (as defined in the Conditions) after the Issue Date in accordance with the NDRC Administrative Measures and any applicable implementation rules or applicable policies issued by the NDRC from time to time (the "NDRC Post-issue Filing") and (ii) comply with all applicable PRC laws and regulations in relation to the Bonds (including but not limited to any related filing requirement under the NDRC Administrative Measures).

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to the State Administration of Foreign Exchange or its competent local branches (the "SAFE") the requisite documents and information pursuant to the Administrative Measures for Foreign Debt Registration (Hui Fa [2013] No. 19) (外債登記管理辦法) (匯發[2013]19號), effective as of 13 May 2013 and as amended on 4 May 2015 and its operating guidelines issued by SAFE and the Circular of the People's Bank of China on Matters Concerning Macro-prudential Management on Overall 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)) promulgated by the People's Bank of China (the "Foreign Debt Registration") and (ii) use all best endeavours to complete the Foreign Debt Registration and obtain a registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline (as defined in the Conditions).

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 7 December 2026. 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 (which shall be irrevocable) to the Bondholders and in writing to the Trustee and the CMU Lodging and Paying Agent (as defined in the Conditions), at their principal amount together with any interest accrued 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 Conditions) 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 and/or amendment becomes effective on or after 30 November 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons". Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some of, such holder's Bonds on the Put Settlement Date (as defined in the Conditions) at their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events". If a Pre-funding Failure Notice (as defined in the Conditions) is given to the Bondholders in accordance with the Conditions, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the first Interest Payment Date (as defined in the Conditions) falling immediately after the date the Pre-funding Failure Notice is given to the Bondholders (the "Mandatory Redemption Date") (together with interest accrued to, but excluding, the Mandatory Redemption Date). See "Terms and Conditions of the Bonds — Redemption and Purchase — Mandatory Redemption upon Pre-funding Failure".

The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 63.

Application will be made to the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "MOX").

The Offering Circular is for distribution to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM)) ("MOX Professional Investors") only. Investors should not purchase the Bonds in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Bonds are only suitable for MOX Professional Investors.

The MOX has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of the Offering Circular to MOX Professional Investors only have been reproduced in the Offering Circular. Listing of the Bonds on the MOX is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Group or the quality of disclosure in this Offering Circular. The MOX takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. The requirements in relation to MOX Professional Investors above and in this Offering Circular shall be construed as relating to offers and sales of the Bonds in Macau only.

The Bonds will not be rated.

Investing in the Bonds involves certain risks. Investors should take note of the risks associated with bonds supported by an irrevocable standby letter of credit and various other risks relating to the Bonds, the Issuer and the Group, their businesses and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See "Risk Factors" beginning on page 18 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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") or with any securities regulatory authority of any state or other jurisdiction of the United States 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 outside the United States pursuant to the exemption from registration under Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale".

Upon issue, the Bonds will be initially evidenced by a global certificate (the "Global Certificate") registered in the name of a nominee of, and lodged with, a sub-custodian for, the Hong Kong Monetary Authority (the "HKMA") as operator (the "Operator") of the Central Money Markets 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 CMU 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 Bank SA/NV ("Euroclear") or Clearstream Banking S.A. ("Clearstream"), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU operator. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

**Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner**

**Guosen Securities (HK)**

**Joint Lead Managers and Joint Bookrunners**

<b>CITIC Securities</b>	<b>JA Securities</b>	<b>Orient Securities (Hong Kong)</b>	<b>Industrial Bank Co., Ltd. Hong Kong Branch</b>
<b>Shanghai Pudong Development Bank Hong Kong Branch</b>	<b>Essence International</b>	<b>JQ Securities</b>	<b>Donghai International</b>
<b>China Galaxy International</b>	<b>CNCB Capital</b>	<b>Guotai Junan International</b>	

Offering Circular dated 30 November 2023

## TABLE OF CONTENTS

	<b>Page</b>
SUMMARY .....	1
THE OFFERING .....	6
A SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS .....	13
SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER .....	15
RISK FACTORS .....	18
TERMS AND CONDITIONS OF THE BONDS .....	63
SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM .....	90
USE OF PROCEEDS .....	92
CAPITALISATION AND INDEBTEDNESS .....	93
DESCRIPTION OF THE LC BANK .....	95
DESCRIPTION OF THE GROUP .....	101
DIRECTORS, SUPERVISOR AND SENIOR MANAGEMENT OF THE ISSUER .....	120
PRC REGULATIONS .....	125
TAXATION .....	140
SUMMARY OF DIFFERENCES BETWEEN PRC GAAP AND IFRS .....	145
SUBSCRIPTION AND SALE .....	147
GENERAL INFORMATION .....	153
INDEX TO THE FINANCIAL STATEMENTS .....	F-1
APPENDIX A — FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT .....	A-1

## IMPORTANT NOTICE

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 THE GROUP OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (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).

This Offering Circular includes particulars given in compliance with the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM) promulgated by the Monetary Authority of Macao for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document 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.

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

Notwithstanding the foregoing, the information included in this Offering Circular regarding the LC Bank 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. However, none of the Issuer, Guosen Securities (HK) Capital Company Limited, CLSA Limited, JA Securities Limited, Orient Securities (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Essence International Securities (Hong Kong) Limited, JQ Securities (Hong Kong) Limited, Donghai International Securities (Hong Kong) Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CNCB (Hong Kong) Capital Limited and Guotai Junan Securities (Hong Kong) Limited (collectively, the “**Joint Lead Managers**” and each, a “**Joint Lead Manager**”), the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank (in each case as defined herein) 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.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds and the giving of the Standby Letter of Credit described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Standby Letter of Credit 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. None of the Joint Lead Managers represents that this Offering Circular or any other material connected thereto has been or will be lawfully distributed, or that the Bonds has been or will be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of the Bonds or the giving of the Standby Letter of Credit or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

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. Each prospective investor of the Bonds must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Joint Lead Managers shall have any responsibility therefor. There are restrictions on the offer and sale of the Bonds and the giving of the Standby Letter of Credit, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan and the PRC, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular.

No person has been or is authorised to give any information or to make any representation 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, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or 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, under any circumstances, 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 at any date subsequent to the date hereof or as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented. 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, agents, representatives or advisers or any person who controls any of them to subscribe for or purchase 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.

No representation or warranty, express or implied, is made or 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. 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 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. 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 each person who controls any of them do not accept any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by any of the Joint Lead Managers or on its 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 disclaim 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 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, agents or advisers or any person who controls any of them undertakes to review the financial condition or affairs of the Group or the LC Bank after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of 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. 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.

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 is or are making any representation to any investor regarding the legality of an investment in the Bonds by it under any investment or similar laws or regulations. The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offering of the Bonds.

**IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS AND/OR THEIR RESPECTIVE AFFILIATE(S) OR ANY PERSON(S) ACTING ON THEIR BEHALF MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT EACH OF THE JOINT LEAD MANAGERS AND/OR ITS AFFILIATE(S) (OR PERSON(S) ACTING ON ITS BEHALF) 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 BE BROUGHT TO AN 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.**

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 any other member of the Group or their respective 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.

**IMPORTANT NOTICE TO PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE CODE OF CONDUCT FOR PERSONS LICENSED BY OR REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION IN HONG KONG**

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” subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such capital market intermediaries, which require the attention and cooperation of prospective investors. Certain capital market intermediaries may also be acting as “overall coordinators” for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a capital market intermediary or its group companies would be considered under the SFC Code as having an association (the “**Association**”) with the Issuer, the capital market intermediary or the relevant group company. Prospective investors associated with the Issuer or any capital market intermediary (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 capital market intermediaries). 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 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by capital market intermediaries in accordance with the SFC 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 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 SFC 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 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 capital market intermediaries (including private banks (“**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 SFC Code, including to the Issuer, any overall coordinators, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.



## INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on market research, public information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources considered reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Issuer, 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, agents, representatives or advisers or any person who controls any of them, and none of the Issuer, 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, agents, representatives or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

## PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the Issuer's audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the three years ended 31 December 2022 (the "**Audited Financial Statements**"), included elsewhere in this Offering Circular.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**"). The Audited Financial Statements have been audited by WUYIGE Certified Public Accountants LLP. ("**WUYIGE**"), the Issuer's independent auditor.

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Differences Between PRC GAAP and IFRS*".

## LC BANK FINANCIAL INFORMATION

Copies of the published audited consolidated financial statements and unaudited consolidated financial statements of Postal Savings Bank of China Co., Ltd. ("**PSBC**"), as well as its public filings, can be downloaded free of charge from the websites of PSBC and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") at [www.psbc.com/cn/](http://www.psbc.com/cn/) and [www.hkex.com.hk](http://www.hkex.com.hk), respectively. Such financial statements and public filings are not included in and do not form part of this Offering Circular. The information contained on the websites of PSBC and the Hong Kong Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Issuer, the Group, 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, employees, officers, representatives, agents or advisers or any person who controls any of them, and none of them takes any responsibility for any information contained on the websites of PSBC and the Hong Kong Stock Exchange.

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, all references to the “**Company**” or the “**Issuer**” are to Huangshi Urban Development Investment Group Co., Ltd. (黃石市城市發展投資集團有限公司) and all references to the “**Group**” are to the Issuer and its subsidiaries as a whole.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**” and “**mainland China**” are to the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan), all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, all references to “**Renminbi**”, “**CNY**” and “**RMB**” are to the lawful currency of the PRC, and all references to the “**United States**” and “**U.S.**” are to the United States of America.

Unless the context otherwise requires, references to “**2020**”, “**2021**” and “**2022**” in this Offering Circular are to the years ended 31 December 2020, 2021 and 2022, respectively.

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables or figures shown as totals 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.

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 purpose only. In the event of any inconsistency, the Chinese name prevails.

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

- “**CBRC**” are to China Banking Regulatory Commission (中國銀行業監督管理委員會), which was previously known as China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (“**CBIRC**”) and now replaced by the National Administration of Financial Regulation (國家金融監督管理總局);
- “**Cihu Gaixin**” are to Huangshi Cihu High & New Technology Development Co., Ltd. (黃石磁湖高新科技發展公司);
- “**CSRC**” are to China Securities Regulatory Commission (中國證券監督管理委員會);
- “**East HB Medical Care**” are to East HB Medical Care Group Co., Ltd. (湖北鄂東醫養集團有限公司);
- “**EU**” are to the European Union;
- “**GDP**” are to gross domestic product;
- “**Huangshi City Bus**” are to Huangshi City Bus Group Co. Ltd. (黃石市城市公交集團有限公司);
- “**Huangshi City Development**” are to Huangshi City Construction Investment Development Co., Ltd. (黃石市城市建設投資開發有限責任公司);
- “**Huangshi Municipality Finance Bureau**” are to the finance bureau of the Huangshi Municipal Government (黃石市財政局);
- “**Huangshi Municipal Government**” are to the People’s Government of Huangshi Municipality (黃石市人民政府);

- “**Huangshi Newport**” are to Huangshi Newport Development Co., Ltd. (黃石新港開發有限公司);
- “**Huangshi SASAC**” are to the State-owned Assets Supervision and Administration Commission of Huangshi Municipality (黃石市人民政府國有資產監督管理委員會);
- “**Huangshi Sewage Treatment**” are to Huangshi Sewage Treatment Co., Ltd. (黃石市環投污水處理有限責任公司);
- “**Huangshi Water Construction**” are to Huangshi City Water Construction Engineering Co., Ltd. (黃石市自來水建設工程有限公司);
- “**Huangshi Watersupply**” are to Huangshi Watersupply Co., Ltd. (黃石市自來水有限公司);
- “**IFRS**” are to the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards, and interpretation issued by the International Accounting Standards Committee;
- “**km**” are to kilometres;
- “**MOC**” are to the Ministry of Commerce of the PRC;
- “**MOF**” are to the Ministry of Finance of the PRC;
- “**MOHURD**” are to the Ministry of Housing and Urban-Rural Development of the PRC;
- “**MOT**” are to the Ministry of Transport of the PRC;
- “**NDRC**” are to the National Development and Reform Commission of the PRC and its competent local counterpart;
- “**PBOC**” are to the People’s Bank of China and its competent local counterpart;
- “**PRC government**” are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” are to the State Administration of Foreign Exchange of the PRC and its competent local counterparts;
- “**SAT**” are to the State Administration of Taxation of the PRC;
- “**SASAC**” are to the State-owned Assets Supervision and Administration Commission of the PRC (中國國有資產監督管理委員會) or, where context requires, its local counterparts;
- “**sq.km.**” are to square kilometres;
- “**sq.m.**” are to square metres;
- “**State Council**” are to the State Council of the PRC (中華人民共和國國務院); and
- “**VAT**” are to value-added tax.

## FORWARD-LOOKING STATEMENTS

The Issuer has made forward-looking statements in this Offering Circular regarding, among other things, the Group's financial conditions, future expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the risks inherent to the industry in which the Group operates;
- the ability of the Group to successfully implement its business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group's business prospects and capital expenditure plans;
- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- the regulatory environment of the industry in general;
- general political and economic conditions, including those of the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the control of the Group;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the performance of the obligations and undertakings of third party contractors engaged by the Group;
- changes in global economic conditions, including conditions arising from the COVID-19 pandemic that has affected China, the United States, and other parts of the world; and
- additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular.

All statements other than statements of historical facts contained in this Offering Circular constitute “**forward-looking statements**”. The words “**anticipate**”, “**believe**”, “**estimate**”, “**expect**”, “**intend**”, “**plan**” and similar expressions are intended to identify forward-looking statements. The Issuer undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer’s and the Group’s actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantees of future performance and some of which may not materialise or may change.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its management’s view only as at the date of this Offering Circular. 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. 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.

## SUMMARY

*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled “Risk Factors”, before making an investment decision.*

### OVERVIEW

The Group is the primary and largest investment and financing platform for infrastructure construction in Huangshi. Since its incorporation in 2012, the Company has been directly and wholly-owned by the Huangshi SASAC. As the key facilitator of the Huangshi Municipal Government’s plan for infrastructure construction and citizens’ livelihood improvement, the Group has received strong operational and financial support from the Huangshi Municipality Finance Bureau and the Huangshi Municipal Government. Leveraging its strategic role in developing the Huangshi Municipality and the strong governmental support it has continuously received, the Group has established itself as an eminent driving force in the urbanisation of Huangshi.

As at 31 December 2022, the Group had total assets of RMB131,687.2 million and total liabilities of RMB80,313.6 million with a liability-asset ratio of 61.0 per cent. For the years ended 31 December 2020, 2021 and 2022, the Group’s total operating income was RMB4,767.9 million, RMB5,782.8 million and RMB5,955.4 million, respectively, and its operating profit was RMB637.1 million, RMB921.9 million and RMB732.3 million, respectively.

The Group’s operations and investment primarily focus on five major business segments: (i) infrastructure construction, (ii) primary land development, (iii) medical services, (iv) public transportation and (v) water supply, water treatment and water facilities installation. Set forth below is an overview of the major business segments of the Group:

- *Infrastructure Construction:* Infrastructure Construction has been the Group’s core business since its establishment and the Group is the primary entity carrying out infrastructure construction in Huangshi. The Group’s infrastructure construction business primarily includes infrastructure construction and shantytown and/or old city renovation. The Group is commissioned by Huangshi Municipal Government to carry out urban infrastructure construction, mainly including urban road renovation and expansion, road construction, urban pipe network renovation, sewage treatment infrastructure construction. The Group also undertakes shantytown renovation projects and old city renovation projects in Huangshi. The Group’s infrastructure business is mainly carried out under the agency construction business model through three subsidiaries, namely Huangshi Newport, Huangshi City Development and Cihu Gaoxin. As at 31 March 2023, the Group had completed 15 infrastructure construction projects with a total investment amount of RMB8,647.0 million. As at 31 March 2023, the Group had 16 infrastructure construction projects under construction with estimated total investment amount of approximately RMB18,390.0 million, of which approximately RMB14,462.0 million had been invested, and 11 infrastructure construction projects planned for future development with estimated total investment amount of approximately RMB11,788.0 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group’s infrastructure construction business was RMB2,106.7 million, RMB1,820.8 million and RMB2,161.9 million, representing 44.2 per cent., 31.5 per cent. and 36.3 per cent. of its total operating income for the same periods, respectively.
- *Primary Land Development:* The Group is one of the entities designated by the Huangshi Municipal Government to conduct primary land development in Huangshi. The Group engages in the primary land development business mainly through two of its subsidiaries: Huangshi City Development and Cihu Gaoxin. The Group’s operating income from its primary land development

business derives from the primary land development fees paid by the relevant government entities, which are generated from the grant of land use rights of the land developed to real estate developers. As at 31 December 2022, the Group has undertaken and completed over a hundred primary land development projects in Huangshi with a total investment amount of RMB277.0 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's primary land development business was RMB501.1 million, RMB755.3 million and RMB930.8 million, respectively, representing 10.5 per cent, 13.1 per cent and 15.6 per cent of its total operating income for the same periods, respectively.

- *Medical Services:* The Group's medical services business is operated and managed through its subsidiary, East HB Medical Care. Established in 2016, East HB Medical Care is the leading state-owned medical service provider in Huangshi. As at 31 December 2022, the Group, through East HB Medical Care, manages and operates four hospitals, 13 community rehabilitation and nursing centres and four health service centres with more than 2,000 medical and nursing beds, four provisional key clinical departments and 12 municipal key clinical departments. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's medical services business was RMB442.5 million, RMB509.5 million and RMB526.3 million, respectively, representing 9.3 per cent, 8.8 per cent and 8.8 per cent of its total operating income for the same periods, respectively.
- *Public Transportation:* The Group's public transportation business is operated and managed through its subsidiary, Huangshi City Bus and mainly include public transportation, advertisement and driver training businesses. As at 31 December 2022, Huangshi City Bus was the largest public transportation operator in Huangshi. As at 31 December 2022, the Group operated 47 bus routes in Huangshi with a fleet of approximately 695 buses, representing approximately 70.0 per cent of the total bus routes and 70.0 per cent of the buses in operation in Huangshi, respectively. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's public transportation business was RMB98.4 million, RMB138.2 million and RMB136.9 million, respectively, representing 2.1 per cent, 2.4 per cent and 2.3 per cent of its total operating income for the same periods, respectively.
- *Water Supply, Water Treatment and Water Facilities Installation:* As one of the key water operation entities in Huangshi, the Group engages water supply, water treatment and water facilities installation businesses, which are operated through three subsidiaries: Huangshi Watersupply, Huangshi Water Construction and Huangshi Sewage Treatment. The Group's water supply business involves the collection of raw water, treatment of raw water to produce tap water and distribution and sale of tap water to end users. The Group's water treatment business involves the treatment of substantially all the domestic sewage in the urban area of Huangshi. The Group's water facilities installation business involves the maintenance of water pipe network and replacement of water meters. As at 31 December 2022, the Group's water supply business had designed daily water supply capacity of 480,000 tons, actual daily water supply capacity of 300,000 tons and covered an area of approximately 391.8 sq.km. and approximately 1.13 million people. For the year ended 31 December 2022, the water supplied by the Group is 131,620,100 tons and the amount of water sold by the Group is 94,037,000 tons. As at 31 December 2022, the Group's daily water treatment capacity reached 75,000 tons, the daily reclaimed water treatment capacity reached 400 tons and the sewage network reached 40 km. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply, water treatment and water facilities installation business was RMB154.8 million, RMB222.1 million and RMB199.0 million, respectively, representing 3.2 per cent, 3.8 per cent and 3.3 per cent of its total operating income for the same periods, respectively. The Group discontinued its water facilities installation business in 2022 and no longer recognised operating income from the year ended 31 December 2022.

## RECENT DEVELOPMENTS

### Interim Results as at and for the Nine Months Ended 30 September 2023

For the nine months ended 30 September 2023, compared to the same period in the preceding year, the Group's operating costs increased, primarily attributable to the Group's business expansion; the Group's general and administrative expenses increased, primarily attributable to an increase in remuneration for management personnel and office expenses; the Group's other income decreased, primarily attributable to a decrease in government subsidies received; the Group's investment income decreased, primarily attributable to a decrease in investment income from disposal of other equity instrument.

As at 30 September 2023, compared to that as at 31 December 2022, the Group's notes payable increased, primarily attributable to an increase in commercial promissory notes issued by the Company; the Group's accounts payable increased, primarily attributable to the increase in the Company's outstanding payments related to the development of its business; the Group's contract liabilities increased, primarily attributable to the increase in the Company's sales receipts received in advance; the Group's taxes and surcharges payable increased, primarily attributable to the increase in VAT and other taxes payable resulting from the increase in the Group's operating income; the Group's other payables increased in line with its business growth; the Group's long-term loan increased, primarily attributable to new facility agreements the Group entered into with certain banks; the Group's bonds payable increased, primarily attributable to increased issuance of onshore bonds; the Group's other long-term payables, primarily attributable to the increase in new finance lease payments and special payables.

Such financial information has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such financial information to evaluate the Group's financial condition and results of operations. The financial information as at and for the nine months ended 30 September 2023 does not form a part of this Offering Circular and should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ending 31 December 2023. See "*Risk Factors — General Risks Relating to the Group and Its Businesses — Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

### Issuance of Onshore Debt Securities

On 22 November 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB1,155.0 million with a tenor of one year and a fixed annual interest rate of 3.22 per cent. (the "**22 November Bonds**"). On 20 October 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.5 billion with a tenor of three years and a fixed annual interest rate of 4.43 per cent. (the "**20 October MTN**"). On 19 October 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB420.0 million with a tenor of two years and a fixed annual interest rate of 4.75 per cent. (the "**19 October Bonds**"). On 16 October 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.5 per cent. (the "**16 October Papers**"). On 22 September 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.8 per cent. (the "**22 September MTN**"). On 1 September 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.79 per cent. (the "**1 September Papers**"). On 29 August 2023, the Company issued private placement notes in aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.72 per cent. (the "**29 August PPN**"). On 23 August 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.8 per cent. (the "**23 August Papers**"). On 22 August 2023, the Company issued corporate bonds through private



placement in an aggregate principal amount of RMB380.0 million with a tenor of three years and a fixed annual interest rate of 4.46 per cent. (the “**22 August Bonds**”). On the same date, the Company issued private placement notes in an aggregated principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.97 per cent. (the “**22 August PPN**”). On 16 August 2023, the Company issued private placement notes in an aggregated principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.6 per cent. (the “**16 August PPN**”). On 11 August 2023, the Company issued private placement notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.99 per cent. (the “**11 August PPN**”). On the same date, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.0 per cent. (the “**11 August Papers**”). On 17 July 2023, the Company issued mid-term notes in an aggregate principal amount of RMB200.0 million with a tenor of three years and a fixed annual interest rate of 5.78 per cent. (the “**17 July MTN**”). On 11 July 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB400.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**11 July Bonds**”). On 25 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with tenor of three years and a fixed annual interest rate of 5.8 per cent. (the “**25 June MTN**”). On 16 June 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB600.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**16 June PPN**”). On 1 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate 5.16 per cent. (the “**1 June MTN**”). On 6 May 2023, the Company issued mid-term notes in an aggregate principal amount of RMB800.0 million with a tenor of three years and a fixed annual interest rate of 4.85 per cent. (the “**6 May MTN**”). On 21 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**21 April Bonds**”). On 19 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.97 per cent. (the “**19 April Bonds**”). On 17 April 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.3 billion with a tenor of five years and a fixed annual interest rate of 5.08 per cent. (the “**17 April Bonds**”). On 6 April 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 5.0 per cent. (the “**6 April MTN**”). On 3 March 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of one year and a fixed annual interest rate of 5.18 per cent. (the “**3 March Bonds**”). On 21 February 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.45 per cent. (the “**21 February Papers**”). On 11 January 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.0 billion with a tenor of seven years and a fixed annual interest rate of 4.6 per cent. (the “**11 January Bonds**”). As at the date of this Offering Circular, the entire principal amount of the 22 November Bonds, the 20 October MTN, the 19 October Bonds, the 16 October Papers, the 22 September MTN, the 1 September Papers, the 29 August PPN, the 23 August Papers, the 22 August Bonds, the 22 August PPN, the 16 August PPN, the 11 August PPN, the 11 August Papers, the 17 July MTN, the 11 July Bonds, the 25 June MTN, the 16 June PPN, the 1 June MTN, the 6 May MTN, the 21 April Bonds, the 19 April Bonds, the 17 April Bonds, the 6 April MTN, the 3 March Bonds, the 21 February Papers and the 11 January Bonds remains outstanding.

## **COMPETITIVE STRENGTHS**

The Group believes the following competitive strengths distinguish it from its competitors and are important to its success and future development:

- one of the major infrastructure construction platforms under the Huangshi Municipal Government;
- strong support of the Huangshi Municipal Government and the Huangshi SASAC;
- diversified business portfolio and asset base to provide stable return to the Group;
- sufficient capital from diverse financing channels; and
- experienced management team with sound corporate governance.

## **BUSINESS STRATEGIES**

The Group intends to implement the following strategies to achieve its business objectives:

- continue to expand its business operations in Huangshi under diversified business model;
- adhere to a prudent financial policy with strict risk controls and enhanced financial management;
- continue to diversify the Group's businesses and increase investment in businesses that synergise with the Group's core businesses;
- lower funding costs by diversifying financing channels to ensure well-capitalised growth; and
- continue to build a professional management team and a trained workforce.

## THE OFFERING

*The following contains summary information about the Bonds 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 of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.*

<b>Issuer</b> . . . . .	Huangshi Urban Development Investment Group Co., Ltd. (黃石市城市發展投資集團有限公司).
<b>LC Bank</b> . . . . .	Postal Savings Bank of China Co., Ltd. Huangshi Branch.
<b>The Bonds</b> . . . . .	CNY369,680,000 3.9 per cent. credit enhanced bonds due 2026.
<b>Issue Price</b> . . . . .	100.0 per cent.
<b>Denomination</b> . . . . .	The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
<b>Issue Date</b> . . . . .	7 December 2023.
<b>Maturity Date</b> . . . . .	7 December 2026.
<b>Interest</b> . . . . .	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.9 per cent. per annum, payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year, commencing on 7 June 2024.
<b>Standby Letter of Credit</b> . . . . .	The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, for itself and on behalf of 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 for itself and on behalf of the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “ <b>Demand</b> ”) stating that (i) the Issuer has failed to comply with Condition 4(b) (the “ <b>Pre-funding Condition</b> ”) in relation to pre-funding the amount that is required to be pre-funded under the Conditions and/or has failed to provide the Required Confirmations in accordance with the Pre-funding Condition, or (ii) an Event of Default (as defined in the Conditions) has occurred and the Trustee has given notice to the Issuer in accordance with the Conditions that the Bonds are immediately due and payable in accordance with the Conditions.

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

Such drawing on the Standby Letter of Credit will be payable in Renminbi in immediately available funds 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 by the Issuer under the Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document 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 Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds, as the case may be.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY383,990,560 in aggregate.

The Standby Letter of Credit takes effect from the Issue Date and expires at 5:30 p.m. (Beijing time) on 3 January 2027 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)) (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 Conditions:

- (i) unconditionally and irrevocably 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 by email (x) a Payment and Solvency Certificate signed by an Authorised Signatory, 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”**).

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:

- (i) give notice substantially in the form set out in the Trust Deed (the “**Pre-funding Failure Notice**”) to the Bondholders in accordance with Condition 17 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
- (ii) by no later than 5:30 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date, issue (or cause to be issued on its behalf) a Demand to the LC Bank for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) and all fees, costs, expenses, indemnity payments and all other amounts which may be incurred by the Trustee or payable by the Issuer to the Trustee in connection with the Bonds, the Conditions, the Trust Deed, the Agency Agreement 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 an original of the Demand to the LC Bank and shall be entitled to submit the 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 email transmission as provided in the Standby Letter of Credit).

Following receipt by the LC Bank of such Demand by 5:30 p.m. (Beijing time) on a Business Day, the LC Bank shall by 10:00 a.m. (Beijing time) on the fourth Business Day (or if a Demand is received after 5:30 p.m. (Beijing time) on a Business Day, on the fifth Business Day) immediately following the Business Day of receipt of such Demand, pay to or to the order of, the Trustee the amount in Renminbi specified in the Demand in immediately available funds to the account specified in the Demand.

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Conditions.

“**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in Hong Kong and Beijing.

**Status of the Bonds** . . . . . 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, 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** . . . . . The Bonds will contain certain events of default as further described in Condition 10.

**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 without set-off or counterclaim and free and clear of, 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 or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where withholding or deduction is made by the Issuer 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 up to and including the aggregate rate applicable on 30 November 2023 (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 received 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 in excess of the Applicable Rate, in such event, 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 in the circumstances set out in Condition 9.

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

**Redemption for  
Taxation Reasons . . . . .**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”), which shall specify the date for redemption and the method by which payment shall be made to the Bondholders in accordance with Condition 17 (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 interest accrued to, but excluding, the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) 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 and/or amendment becomes effective on or after 30 November 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

**Redemption for  
Relevant Events . . . . .**

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 their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date), as further described in Condition 7(c).

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

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the first Interest Payment Date falling immediately after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the “**Mandatory Redemption Date**”) (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the Holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to 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, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, such Put Settlement Date, and the term “**Mandatory Redemption Date**” shall be construed to mean the Put Settlement Date.

**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 complying with the requirements set out in the Conditions in relation to the NDRC Post-issue Filing and the Foreign Debt Registration and the relevant notifications to the Trustee and Holders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, provided that such further bonds may only be issued if (i) 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 one interest payment due on such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further bonds) and (ii) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

References in the Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to Condition 16 and consolidated and forming a single series with the Bonds. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

See “*Terms and Conditions of the Bonds — Further Issues*”.

**Governing Law and Jurisdiction** . . . . . English law. 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.

**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, Registrar and Transfer Agent** . . . . . China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

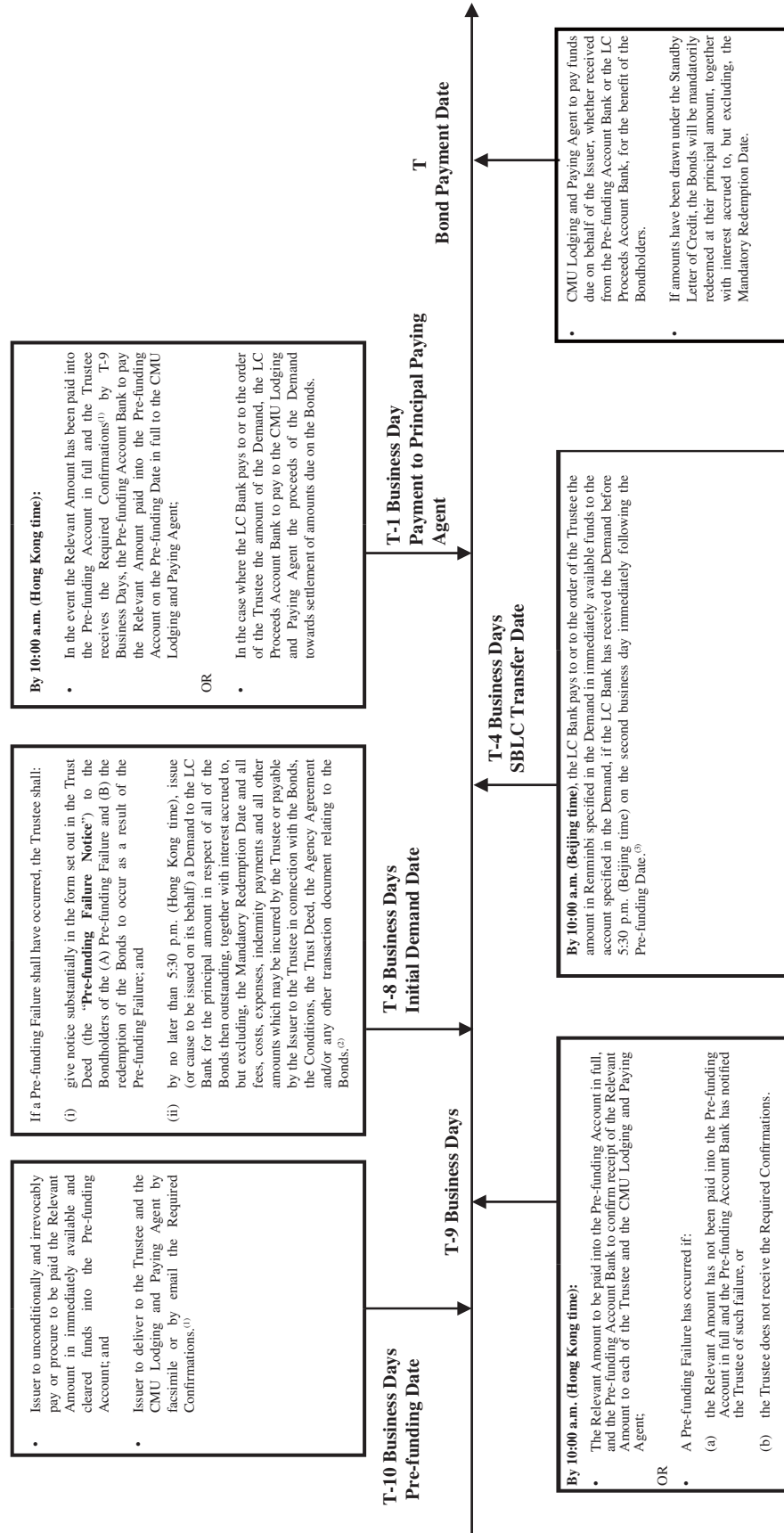
**LC Proceeds Account Bank and Pre-funding Account Bank** . . . . . China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).



<b>Clearing Systems</b> . . . . .	Upon issue, the Bonds will initially be evidenced by the Global Certificate registered in the name 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 CMU 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 CMU operator. Except as described herein, individual certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
<b>Legal Entity Identifier</b> . . . . .	655600WF7E0WYT71YN33.
<b>Common Code</b> . . . . .	272442487.
<b>CMU Instrument Code</b> . . . . .	BOAKFB23029.
<b>Hong Kong ISIN</b> . . . . .	HK0000968419.
<b>Notices and Payment</b> . . . . .	So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of the Operator, notices to the Bondholders shall be validly given by the delivery of the relevant notice to the CMU for communication to each relevant accountholder in substitution for notification as required by the Conditions. Any such notice shall be deemed to have been given to the Bondholders on the second business day after such notice is delivered to the CMU.
<b>Listing</b> . . . . .	Application will be made to the MOX for the listing of by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Bonds on the MOX will commence on or about 11 December 2023. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the merits of the Issuer, the Group or the Bonds.
<b>Use of Proceeds</b> . . . . .	See “ <i>Use of Proceeds</i> ”.

## A 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 and the Agency Agreement referred to therein and “Appendix A — Form of Irrevocable Standby Letter of Credit”. Words and expressions defined in the “Terms and Conditions of the Bonds” shall have the same meaning in this summary.



*Notes:*

- (1) The Required Confirmations consist of: (x) a Payment and Solvency Certificate signed by any Authorised Signatory, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding 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.
- (2) The Trustee need not physically present an original of the Demand to the LC Bank and shall be entitled to submit the 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 email transmission as provided in the Standby Letter of Credit).
- (3) If such Demand is received after 5:30 p.m. (Beijing time) on the second business day immediately following the Pre-funding Date, the payment by the LC Bank is to be made by 10:00 a.m. (Beijing time) on the fifth Business Day following receipt of such Demand.
- (4) In the above diagram, “**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in Hong Kong and Beijing.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

The Issuer's summary audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022 set forth below has been derived from and should be read in conjunction with the Audited Financial Statements, including the notes thereto and the auditor's reports included elsewhere in this Offering Circular. The Audited Financial Statements have been audited by WUYIGE. 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, agents or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or its sufficiency for an assessment of the Group's financial condition and results of operations. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of certain differences, see "Summary of Differences Between PRC GAAP and IFRS".

### SUMMARY OF CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2022	2021	2020
	(RMB in millions)		
<b>Current assets</b>			
Cash at bank and on hand . . . . .	11,135.4	10,588.8	8,971.3
Financial assets held for trading . . . . .	–	3.3	–
Notes receivable . . . . .	14.1	0.0	0.8
Accounts receivable . . . . .	10,025.5	11,310.2	10,766.8
Receivables for financing . . . . .	–	10.0	–
Prepayments . . . . .	1,428.0	1,807.4	610.3
Other receivables . . . . .	9,557.4	7,615.1	10,297.5
Inventories . . . . .	35,188.6	30,497.3	26,404.6
Other current assets . . . . .	212.1	177.4	144.8
<b>Total current assets</b> . . . . .	<b>67,561.1</b>	<b>62,009.5</b>	<b>57,196.1</b>
<b>Non-current assets</b>			
Available-for-sale financial assets . . . . .	–	–	691.0
Long-term receivables . . . . .	87.2	10.0	10.0
Long-term equity investments . . . . .	1,245.4	820.0	593.6
Other equity instrument investments . . . . .	792.7	709.2	–
Other non-current financial assets . . . . .	120.0	120.0	–
Investment property . . . . .	1,377.9	1,330.7	788.6
Fixed assets . . . . .	13,393.3	11,999.1	11,399.8
Construction in process . . . . .	31,255.4	27,579.2	22,413.0
Productive biological assets . . . . .	377.7	377.7	0.6
Right-of-use assets . . . . .	5.0	57.1	–
Intangible assets . . . . .	13,619.5	10,713.7	7,529.2
Development expenditures . . . . .	1.7	–	–
Goodwill . . . . .	9.7	9.7	9.7
Long-term deferred expenses . . . . .	44.6	28.3	29.3
Deferred tax assets . . . . .	38.5	20.4	–
Other non-current assets . . . . .	1,757.4	1,782.4	1,735.1
<b>Total non-current assets</b> . . . . .	<b>64,126.1</b>	<b>55,557.5</b>	<b>45,199.8</b>
<b>Total assets</b> . . . . .	<b>131,687.2</b>	<b>117,567.0</b>	<b>102,395.9</b>

	As at 31 December		
	2022	2021	2020
	(RMB in millions)		
<b>Current liabilities</b>			
Short-term loans	3,332.0	2,717.7	3,042.7
Notes payable	66.7	184.7	–
Accounts payable	2,005.6	1,291.5	738.3
Advances from customers	0.8	9.0	2,103.1
Contact liabilities	915.1	1,494.9	–
Employee benefits payable	10.1	7.9	10.9
Taxes and surcharges payable	1,049.0	869.8	645.2
Other payables	5,442.9	4,077.5	6,543.9
Non-current liabilities due within one year	21,009.5	11,192.9	5,955.0
Other current liabilities	878.3	517.6	0.3
<b>Total current liabilities</b>	<b>34,710.1</b>	<b>22,363.6</b>	<b>19,039.3</b>
<b>Non-current liabilities</b>			
Long-term loans	14,675.1	12,310.7	11,848.1
Bonds payable	25,309.9	23,908.0	18,045.6
Lease liabilities	3.8	54.2	–
Other long-term payables	5,396.0	10,346.9	10,006.3
Deferred income	53.7	53.4	58.2
Deferred tax liabilities	154.7	154.7	155.1
Other non-current liabilities	10.2	–	–
<b>Total non-current liabilities</b>	<b>45,603.5</b>	<b>46,828.0</b>	<b>40,113.3</b>
<b>Total liabilities</b>	<b>80,313.6</b>	<b>69,191.5</b>	<b>59,152.6</b>
<b>Owners' equity</b>			
Share capital	1,500.0	1,500.0	1,500.0
Other equity instruments	–	298.2	745.5
Capital reserve	34,067.5	32,381.6	29,433.2
Other comprehensive income	472.0	464.0	464.0
Special reserve	14.2	8.1	0.4
Surplus reserve	18.2	15.5	6.9
Retained earnings	8,439.8	7,896.0	7,432.2
Equity attributable to parent company	44,511.8	42,563.3	39,582.2
Minority interests	6,861.8	5,812.2	3,661.2
<b>Total equity</b>	<b>51,373.6</b>	<b>48,375.5</b>	<b>43,243.4</b>
<b>Total liabilities and owner's equity</b>	<b>131,687.2</b>	<b>117,567.0</b>	<b>102,395.9</b>

## SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		
	2022	2021	2020
	(RMB in millions)		
Operating income . . . . .	5,955.4	5,782.8	4,767.9
Operating costs . . . . .	(4,842.6)	(4,456.8)	(3,685.5)
Taxes and surcharges . . . . .	(36.6)	(51.2)	(23.1)
Selling and distribution expenses . . . . .	(27.1)	(38.7)	(45.2)
General and administrative expenses . . . . .	(470.4)	(497.1)	(524.7)
Financial expenses . . . . .	(49.5)	(75.6)	(98.3)
Other income . . . . .	281.2	283.8	256.2
Investment income . . . . .	66.3	88.0	52.5
Loss from fair value changes . . . . .	–	–	(1.3)
Credit impairment losses . . . . .	(170.1)	(112.6)	–
Impairment on assets . . . . .	–	0.0	(58.8)
Gains/(Losses) from disposal of assets . . . . .	25.8	0.5	(4.4)
<b>Operating profits . . . . .</b>	<b>732.3</b>	<b>921.9</b>	<b>637.1</b>
Non-operating revenues . . . . .	52.5	12.1	60.9
Non-operating expenses . . . . .	(9.5)	(7.5)	(34.6)
<b>Profit before taxes . . . . .</b>	<b>775.4</b>	<b>926.5</b>	<b>663.5</b>
Income taxes expenses . . . . .	(113.6)	(192.9)	(111.5)
<b>Net profit . . . . .</b>	<b>661.8</b>	<b>733.6</b>	<b>552.0</b>
Net profit attributable to equity holders of the Company . . . . .	600.4	655.2	511.2
Net profit attributable to minority interests . . . . .	61.3	78.4	40.8
Other comprehensive income net of tax . . . . .	8.0	–	–
<b>Total comprehensive income . . . . .</b>	<b>669.7</b>	<b>733.6</b>	<b>552.0</b>
Attributable to equity holders of the Company . . . . .	608.4	655.2	511.2
Attributable to minority interests . . . . .	61.3	78.4	40.8

## SUMMARY CONSOLIDATED CASH FLOWS STATEMENT

	For the year ended 31 December		
	2022	2021	2020
	(RMB in millions)		
Net cash flows from/(used in) operating activities . . . . .	7.5	0.2	(191.3)
Net cash flows used in investing activities . . . . .	(7,346.1)	(4,371.8)	(6,655.8)
Net cash flows from financing activities . . . . .	7,216.7	5,596.9	9,392.0
<b>Net (decrease)/increase in cash and cash equivalents . . . . .</b>	<b>(121.8)</b>	<b>1,225.3</b>	<b>2,544.9</b>
Cash and cash equivalents at the beginning of the period . . . . .	9,879.0	8,653.7	6,108.8
<b>Cash and cash equivalents at the end of the period . . . . .</b>	<b>9,757.2</b>	<b>9,879.0</b>	<b>8,653.7</b>

## RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The businesses, financial conditions or results of operations of the Group could be materially and adversely affected by any of these risks. The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Bonds. Additional considerations and uncertainties not presently known to the Issuer or which it currently deems immaterial may also have an adverse effect on an investment in the Bonds. 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.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of investment in the 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.*

### GENERAL RISKS RELATING TO THE GROUP AND ITS BUSINESSES

**The Group's business, financial condition, results of operation and prospects are heavily dependent on the level of economic development in the PRC and, in particular, Huangshi, Hubei Province, and policies of relevant local governments.**

The Group's businesses and assets are highly concentrated in Huangshi, Hubei Province, focusing primarily on infrastructure construction and land development activities. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development of Huangshi, Hubei Province and the PRC. Government policies and initiatives related to infrastructure construction and land development, particularly those with respect to the further development of Huangshi's infrastructure, also have a major impact on the Group's business and growth prospects.

The pace of economic development in the PRC generally and in Huangshi, Hubei Province in particular, is a key factor affecting the Group's business. In recent years, there has been a slowdown in the growth of the PRC's economic development as evidenced by a decrease in the PRC's GDP annual growth rate released by the National Statistics Bureau of the PRC (中國國家統計局) from 7.8 per cent. in 2013 to 3.0 per cent. in 2022. Huangshi has similarly experienced a slowdown in economic growth. According to the Hubei Statistics Bureau (湖北省統計局), the annual growth rate of GDP in Huangshi slowed down from 9.8 per cent. in 2013 to negative 5.6 per cent. in 2022. There can be no assurance that the level of economic development in the PRC and Huangshi will continue to grow at the rates seen before, and it is unclear how the economic development in Huangshi will be affected by a perceivable slowdown in the growth of the economy in the PRC. Any continuing slowdown in the economic development in Huangshi may affect plans for the further development of Huangshi's infrastructure, which in turn may decrease demand for the Group's services and adversely affect the Group's business, financial condition, results of operations and prospects.

The economy of the PRC experienced rapid growth in the past decades. 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. For the years ended 31 December 2020, 2021 and 2022, China's GDP growth rate was 2.3 per cent., 8.4 per cent. and 3.0 per cent., respectively. A sustained period of slower growth in China in general could have a material adverse effect on the financial condition and operating results of the Group as well as on its prospect to identifying, investing in and developing new projects and businesses.

It is difficult to predict how the economic development of Huangshi will be affected by a slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy. In particular, there can be no assurance that the level of economic development in Huangshi will continue to be maintained at the past rate of growth, if at all. For the years ended 31 December 2020, 2021 and 2022, operating revenue derived from the Group's subsidiaries incorporated in Huangshi accounted for substantially all of the Group's total operating revenue for the same periods. As a result of such geographic concentration, any economic slowdown in Huangshi could reduce the demand for the Group's infrastructure construction and primary land development businesses as well as for other services rendered by the Group. If economic growth slows, adverse changes in social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in Huangshi, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

**The Group's business and prospects to a large extent depend upon the budget and spending of the Huangshi Municipal Government on infrastructure construction and fixed asset investments.**

The Group is tasked to implement the Huangshi Municipal Government's plans to carry out infrastructure construction and fixed asset investments in Huangshi. Accordingly, the Group's business and prospects are materially affected by the budget and spending of Huangshi Municipal Government on infrastructure development and fixed asset investments. For example, the Group's primary land development and infrastructure construction projects are conducted according to the project development agreements the Group enters into with the Huangshi Municipal Government, and the Group's operating income from these projects is derived from the land development fees and project payments paid by Huangshi Municipal Government.

There are many factors affecting the Huangshi Municipal Government's budget and spending on infrastructure development and fixed asset investments, including (i) national and regional policies regarding infrastructure development and fixed asset investments; (ii) fiscal and monetary policies of the Huangshi Municipal Government; and (iii) government income and the general economic conditions in the PRC and Huangshi, among others. Any slowdown in economic growth in the PRC and Huangshi may adversely affect financial condition and fiscal income of the Huangshi Municipal Government, which may in turn cause the Huangshi Municipal Government to reduce its spending and budget on infrastructure development and fixed asset investments. See "*— The Group's business, financial condition, results of operation and prospects are heavily dependent on the level of economic development in the PRC and, in particular, Huangshi, Hubei Province, and policies of relevant local governments*".

There is no assurance that infrastructure construction and fixed asset investments in Huangshi will continue to increase. If the public spending and budget of Huangshi Municipal Government on infrastructure construction and fixed asset investments decrease, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.



**The Group faces risks associated with contracting with public bodies, such as the Huangshi Municipal Government.**

The Company is wholly-owned by the Huangshi SASAC, which is directly supervised by Huangshi Municipal Government as at the date of this Offering Circular, and a majority of the Group's business activities are conducted with the Huangshi Municipal Government and its controlled entities. A significant portion of the Group's operating income is generated from the land development fee and project payment payable by the Huangshi Municipal Government relating to its primary land development and infrastructure construction businesses. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies, such as the Huangshi Municipal Government.

Historically, the development for certain infrastructure projects of the Group was based on administrative notices in which the Huangshi Municipal Government did not make any specific payment commitment. The uncertainty relating to the Huangshi Municipal Government's payment commitment existed even after the relevant projects were completed. For this reason, the Group could not recognise operating income from the development of those projects according to its accounting principles, resulting in a high level of inventories on the Group's consolidated balance sheet. As at the date of this Offering Circular, the Group has entered into a series of supplemental contracts with the Huangshi Municipal Government to confirm the payment arrangements relating to projects involved and the Huangshi Municipal Government has expressly committed to make payment in connection with substantially all of the Group's infrastructure projects that are completed. However, there is no assurance that the Huangshi Municipal Government will or will be able to fulfil its obligation according to the arrangements agreed with the Group.

Any failure by the Huangshi Municipal Government to fulfil its contractual obligations or any adverse change to its policies may cause the Group to change its business plans and thus materially affect its business and operating results. If there is any material disagreement between the Group and the Huangshi Municipal Government or any of its controlled entities, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against the Huangshi Municipal Government may last for a long period of time and cost considerable financial and managerial resources. Any of these may severely damage the business relationships between the Group and the Huangshi Municipal Government and/or its controlled entities affected, and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

**PRC regulations on the administration of the financing platforms of local governments may have a material impact on the Group's business and sources of financing.**

To strengthen the administration of the financing platforms of local governments in China and effectively prevent fiscal financial risks, the State Council of the PRC issued the Notice on Strengthening the Administration of Local Government Financing Vehicles (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. According to Circular 19, local governments at different levels are required to classify the debts incurred by their financing vehicles into three categories based on the standards and principles set by the State Council and to control and decrease the amount of their outstanding debts. The first category of debts is those incurred relating to the construction of projects for public welfare that will be mainly repaid with government funds. The second category of debts is those incurred due to undertaking public welfare projects that have stable operational income and such debts are prepaid mainly by proceeds of the projects themselves. The third category of debts is those incurred relating to the construction of projects not for public welfare. According to Circular 19, local governments in the PRC are required not to finance the development of projects for public welfare through its financing vehicles, but to provide funds through its fiscal budgets or to obtain financing from the private sector. Financing vehicles that only perform financing functions for local government public welfare projects are forbidden from carrying out such function and the relevant local governments are required to confirm the extent of their debts obligations. Financing vehicles that carry out both financing

and construction and/or operational functions for local government public welfare projects shall discharge their financing functions, as soon as the relevant local governments confirm the extent of such governments' debts obligations. According to Circular 19, the Group is required to maintain sufficient working capital and to improve corporate governance and to carry on its operations and financing in accordance with market-oriented principles as private companies.

In November 2010, the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (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**”). According to Circular 2881, financing vehicles of a local government shall rely on its internal operating cash flow to finance the payment of more than 70 per cent. of the cash requirement for repaying its corporate bonds issued in the PRC. If the revenue derived from the construction of public interest projects represents more than 30 per cent. of its total revenue, the financing vehicle should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of local government's debts and other detailed information to demonstrate its repayment ability. In addition, it reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating security interest over public funds to secure the debts of its financing vehicles, directly or indirectly. As at the date of this Offering Circular, the Group has not received any notice from any governmental authority that the Group is not in compliance with Circular 2881.

In addition, the PRC government may issue more stringent policies that could affect the business of the financing platforms of local governments in the PRC in the future. It is uncertain whether the Company would be deemed to be a local financing platform under Circular 19 or Circular 2881. If the Company is recognised as a local financing platform, there can be no assurance that the Group will be able to continue to carry out its business activities under the current business model in the future, which in turn may have a material adverse effect on the Group's business model, sources of financing and results of operations.

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

In recent years, the PRC government has issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) released on 21 September 2014, the Circular on Further Regulating the Debt Financing Behaviours of Local Government (Cai Yu [2017] No. 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)) (“**Circular 50**”) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the CBRC (reorganised into the CBIRC) and the CSRC on 26 April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) (“**Circular 87**”) issued by the MOF on 28 May 2017, the Notice on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (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**”) issued by the MOF on 28 March 2018, 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 (Fa Gai Wai Zi [2018] No. 706) (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**”) jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》) (the “**Joint Opinion**”) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018, and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local

State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳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**”) issued by the General Office of NDRC on 6 June 2019 (Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, together, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 87 required that local governments and their departments shall not take advantage of or fabricate contracts for government procurement of services in such a manner that conceals an underlying objective of raising funds for any construction project. Circular 23 and Circular 706 established policies for foreign debt issuance including the prohibition against public assets being included as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association with the government’s credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf.

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Issuer should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither Huangshi SASAC, Huangshi Municipal Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. 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. If the Issuer does not fulfil its obligations under the Bonds (as the case may be), the Bondholders will only have recourse against the Issuer but not Huangshi SASAC, Huangshi Municipal Government or any other PRC governmental entity.

The PRC government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in the PRC. There is no assurance that the Group’s financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations.

**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 Circular 706, any public interest assets such as public hospitals, cultural facilities, parks, public squares, office buildings of government departments and institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the land use rights of reserve land (“**Public Assets**”) cannot be counted towards the Group’s assets for the purpose of issuing medium and long-term foreign debt. As at 31 December 2022, the Group’s Public Assets amounted to approximately RMB10,803.7 million, representing approximately 8.2 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 obligation under the Notes. The Group’s Public Assets have not been excluded from the Company’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.

Circular 706 further provides that the punishment for enterprises involved in unlawful financing activities and providing of 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.

As Circular 706 is relatively new and given the limited volume of published decisions relating to Circular 706, 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 PRC government and the Huangshi Municipal Government have no payment or other obligations under the Bonds.**

Each of the PRC government and Huangshi Municipal Government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bond, the Trust Deed or the Agency Agreement in lieu of the Company. This position has been reinforced by Circular 23, Circular 706 and Circular 666 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises.

The PRC government or the Huangshi Municipal Government as the ultimate equity holder of the Company only has limited liability in the form of its equity contribution in the Company. As such, neither the PRC government nor the Huangshi Municipal Government has any payment or other obligations under the Bonds, the Trust Deed or the Agency Agreement. The Bonds are solely to be repaid by the Company as an obligor under the relevant transaction documents and as an independent legal person. In addition, any ownership or control by the PRC government (including the Huangshi Municipal Government) does not necessarily correlate to or provide any assurance on the Company's financial conditions. If the Company does not fulfil its obligations under the Bonds or the Trust Deed, the holders of the Bonds will only have recourse against the Company, not the PRC government (including the Huangshi Municipal Government).

Therefore, investors should base their investment decisions only on the financial condition of the Company 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's business operations are capital intensive and any failure of the Group 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 and will continue to require substantial capital resources. The Group has historically met its cash requirements through (i) the cash flow generated from its operating activities, (ii) subsidies from the Huangshi Municipal Government, (iii) proceeds of bank and other borrowings and (iv) issuance of bonds and commercial paper in the PRC capital markets. The Group believes that it 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 carry on its business activities in an efficient manner, the Huangshi Municipal Government's plans of project payment and its performance, 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 change in any of these factors, which may be beyond the Group's control, may cause capital shortfall. There is no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times. If the Group's operating activities fail to generate sufficient cash to satisfy its cash requirements, the Group has to increase its reliance on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability and adversely affecting its financial condition and results of operations.

A significant portion of the cash demand of the Group is satisfied through subsidies provided by the Huangshi Municipal Government. For the years ended 31 December 2020, 2021 and 2022, government grants received by the Group amounted to RMB299.5 million, RMB288.8 million and RMB329.1 million, respectively. The ability of Huangshi Municipal Government to provide continued financial support to the Group, to a large extent, depends on the future fiscal income and policies of Huangshi Municipal Government. There is no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments from Huangshi Municipal Government in the future. Any decrease, delay or discontinuance in such government subsidies and grants may materially and adversely affect the Group's business, financial condition and prospectus.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2022, the Group's total outstanding indebtedness (comprising short-term loans, non-current liabilities due within one year, long-term loans, bonds payables and other long-term payables (interest-bearing portion)) was RMB68,941.3 million. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group, success of the Group's business;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affects the Group's business, financial condition, results of operations and prospects. In addition, substantial indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks. See "*— Substantial indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks, and additionally, restrictive covenants contained in credit facilities may further limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to*

*comply with these restrictive covenants may adversely affect the Group's business, financial condition, results of operations and prospects" below.*

**Substantial indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks, and additionally, restrictive covenants contained in credit facilities may further limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect the Group's business, financial condition, results of operations and prospects.**

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2022, the Group's total outstanding indebtedness (comprising short-term loans, non-current liabilities due within one year, long-term loans, bonds payables and other long-term payables (interest-bearing portion)) was RMB68,941.3 million.

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

- requiring the Group to divert its operating cash flow to service its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- 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 such as prohibiting the borrower from incurring additional indebtedness unless it is able to satisfy certain financial conditions, restricting the borrower from creating security or granting guarantees or prohibiting 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. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

If the Company or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future indebtedness) and covenants in its current or future debt obligations or other financing agreements, a default under the terms of such agreements may occur. In the event of a default, the creditors may be entitled to terminate their commitments granted, accelerate the debt and declare all amounts borrowed due and payable, or terminate the agreements, depending on the provisions of the relevant agreements. For example, certain of the Company's existing financing contracts restrict the Company from incurring new indebtedness without the prior consent or waiver from the relevant lender if such new indebtedness substantially increases the overall indebtedness of the Company, results in any material adverse change of the Company's financial conditions, materially affects the Company's ability in repaying its outstanding indebtedness or jeopardises the relevant lender's interest. The Company has confirmed the issue of the Bonds does not and will not constitute any of the above-mentioned scenarios and therefore have not sought the consent or waiver from the relevant lender(s) for the issue of the Bonds. However, there is no assurance that the relevant lender(s) will share or continue to share the same view as the Company with respect to the issue of the Bonds and if such disagreement occurs, there can be no

assurance that the Group will be able to obtain the relevant lender(s)' consent or waiver in a timely manner which in turn might result in a default under the relevant financing contracts. Some financing agreements of the Group contain cross-acceleration or cross-default provisions, which give creditors the right to request for immediate repayment or to declare default of borrower as a result of the acceleration or default resulting from other financing agreements entered into by any other member of the Group. If any of these events occur, there can be no assurance that the Group will be able to obtain the creditors' waiver in a timely manner or that the assets and cash flow of the Company or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Company or its subsidiaries would be able to find alternative financing. Even if the Company and its subsidiaries could obtain alternative financing, there can be no assurance that the terms are favourable or acceptable to the Company or, as the case may be, its subsidiaries.

**The Group's business operation may be negatively affected by the guarantee it provides for the indebtedness of third parties.**

The Group provides guarantee for the indebtedness of third parties from time to time during its business operations. As at 31 December 2022, the Group's outstanding guarantee for the indebtedness of third parties amounted to RMB4,089.6 million, accounting for 3.1 per cent. of the total assets and 8.0 per cent. of the net assets of the Group as at the same date. If any of the third party borrowers defaults on its borrowings guaranteed by the Group, the lender may enforce such guarantee and demand payment from the Group. In any such case, the Group's business, financial conditions and results of operation may be materially and adversely affected.

**The Group is exposed to risks relating to its high level of inventories.**

The Group's inventory level is affected by a number of factors, such as the Huangshi Municipal Government's commitment and ability to pay the projects completed, the timetable and priority of the grant of land use rights for the Group's primary land development projects and the Group's plan to apply for project payment. These factors may in turn be affected by the controlling measures of the PRC government on real property investment and development and the government's macroeconomic and monetary policies.

As at 31 December 2020, 2021 and 2022, balance of the Group's inventories was RMB26,404.6 million, RMB30,497.3 million and RMB35,188.6 million, respectively, representing 25.8 per cent., 25.9 per cent. and 26.7 per cent. of the Group's total assets as at the corresponding dates. The Group has a high level of inventories largely due to lack of clarity on the Huangshi Municipal Government's commitment to pay the relevant projects, which is the condition to recognise the operating income according to the Group's accounting policies. Those land developed and infrastructure projects booked as inventories on the Group's consolidated balance sheet are illiquid assets and may not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. There is no assurance that the Group will be able to sell any of these real properties or infrastructure projects to third parties for price or on the terms satisfactory to them.

High level of inventories not only increases the pressure on the Group's cash flows, it also causes the Group to make provisions for impairment of fair value of inventories. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects. See "*— The Group does not have any control over the price, schedule and priority of the grant of land use rights for its primary land development projects and the Group's operating income from primary land development may fluctuate significantly from period to period*" for further details.

**Significant amount of account and other receivables may affect the Group's liquidity and restrict the Group's business activities.**

As at 31 December 2020, 2021 and 2022, the Group's account receivables were RMB10,766.8 million, RMB11,310.2 million and RMB10,025.5 million, respectively, representing 10.5 per cent., 9.6 per cent. and 7.6 per cent. of the Group's total assets as at the corresponding dates. The Group's accounts receivables are mainly the outstanding payment amounts owed by the Huangshi Municipal Government. As at 31 December 2020, 2021 and 2022, the Group's other receivables amounts to RMB10,297.5 million, RMB7,615.1 million and RMB9,557.4 million, respectively, representing 10.1 per cent., 6.5 per cent. and 7.3 per cent. of the Group's total assets as at the corresponding dates. The Group's other receivables primarily represent the amounts due from different governmental departments under the Group's loans and advances provided to those governmental departments to finance the project construction. There are inherent risks associated with the ability of the Huangshi Municipal Government and the Group's contractors to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations. See "*— The Group faces risks associated with contracting with public bodies, such as the Huangshi Municipal Government*".

**The Group's business operations are heavily regulated and any failure of the Group to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect its business, financial condition and results of operations.**

The Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under the PRC law and regulations. For example, the Group is required to obtain a project approval and the environmental assessment approval at the outset of the project before it is permitted to commence construction of the relevant project. As the projects progress, it also needs to receive the construction land planning permit (建設用地規劃許可證), 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). It normally takes six to 12 months to obtain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting approvals, qualifications, licences, permits and certificates necessary for conducting the business. For this reason, there are significant uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and verbal clarifications given by the governmental authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk. As of the date of this Offering Circular, the Group has obtained all approvals, qualifications, licences and permits that are necessary and material to its business operation and is not aware of any deficiencies that may have a material adverse effect on its business, financial condition, results of operations and prospect.

In addition, PRC governmental authorities may amend existing laws and regulations and release new policies which may affect the Group's business operations from time to time. The Group may encounter problems complying with new laws, regulations or policies or fails to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licenses and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If there is any material non-compliance of the Group or its business, the Group's permits, licenses 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.



According to PRC laws and regulations, the failure to obtain a project establishment permit could result in suspension of construction projects; failure to obtain land use permits could result in revocation of land use rights and compensation to third parties if any damage is caused; and failure to obtain environmental impact assessment reports could result in suspension of construction projects, fines and administrative penalties. As at the date of this Offering Circular, the Group has not received any notice from any governmental authorities regarding the above-mentioned non-compliance.

**The Group does not have any control over the price, schedule and priority of the grant of land use rights for its primary land development projects and the Group's operating income from primary land development may fluctuate significantly from period to period.**

The Group's operating income from primary land development is made up of the land development fees paid by the Huangshi Municipal Government, which it generates from the land grant premium paid by real property developers in the granting of land use rights of the land developed by the Group. The Huangshi Municipal Government determines the price, schedule and priority of the grant of land use right by taking into consideration of many factors such as government income and budget, city development plans, cost of primary development, location of the land, policies and regulations affecting real property investment and development and macroeconomic conditions in Huangshi. The Group has no control over the price, schedule and priority of the grant of primary land development projects. According to the Company's accounting policies, the Company recognises the operating income from primary land development upon receipt of the payment of land development fee. As a result, the Group's operating income from primary land development may fluctuate significantly from time to time depending on the timing and price of the land development projects grant and the time of payment of the land development fee by the Huangshi Municipal Government. The Group's results of operations relating to its primary land development for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future. Suspensions or delays in granting of land development projects, as a result of government policies or decisions, macroeconomic conditions or otherwise, will also have a material adverse impact on the Group's business, financial condition and results of operations.

**The Group's financial condition and results of operations may be affected by material fluctuations of interest rates.**

The Group has substantial indebtedness outstanding. Much of the Group's indebtedness bears interests that accrue at interest rates linked to benchmark lending rates published by the PBOC which is now required to be converted into the loan prime rate (the "LPR") published by National Interbank Funding Centre as authorised by PBOC. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and other borrowings and in turn affect its results of operations. The PRC government from time to time adjusts interest rates corresponding to the implementation of the PRC government's economic and monetary policies. Any material fluctuation in the LPR 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 may also carry interest rates based on the LPR and subject to market conditions. There is no assurance, as a result of any increase in the PBOC benchmark rate, LPR or otherwise, the Group will be able to service its existing bank borrowings as they become due or obtain sufficient additional bank borrowings going forward on commercially acceptable terms, or at all, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group relies on third-party contractors for certain services in its primary land development and infrastructure construction businesses.**

The Group engages third-party contractors to provide various services, including construction, landscaping, gardening, mechanical and electrical installation and gas, water and other utilities installation. It generally selects third-party contractors through a standardised public bidding and tendering process. The Group endeavours to employ those companies with good reputations, strong track records, performance reliability and adequate financial resources, and the Group also implements quality control procedures and closely monitors the construction progress. However, there is no assurance that its third-party contractors will always provide satisfactory services or meet the quality and safety standards required by the Group. If any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. In addition, the Group may be asked to undertake additional projects by the Huangshi Municipal Government on short notice, and there is no assurance that the Group will be able to engage third-party contractors that meet its quality requirements in such situations. Moreover, the Group's contractors may undertake projects from other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have material adverse impact on the quality of services provided by the Group's contractors and the Group's reputation, credibility, financial position and business operations.

**The Group's primary land development activities are exposed to certain risks associated with resettlement of local residents.**

Many of the Group's primary land development projects involves resettlement of local residents and businesses. According to the land development arrangement between the Group and the Huangshi Municipal Government, the Group is responsible for relocating the residents affected and paying the compensation in accordance with applicable PRC urban housing relocation regulations, although the compensation will be reimbursed by the Huangshi Municipal Government as part of the payment of land development fee. There is no assurance that the relocation of residents or businesses will proceed smoothly. It is possible that the local residents or businesses may disagree on the amount of the compensation and refuse to be relocated, and in this case, the Huangshi Municipal Government may be asked to resolve the dispute by reviewing the arrangement and amount of compensation. An unfavourable final ruling by the Huangshi Municipal Government may cause the Group to pay more compensation. Such resistance or refusal to relocate may delay the timetable of, or increase the development costs of, the Group's development projects. In addition, the compensation paid by the Group is calculated in accordance with formulas published by relevant governmental authorities, taking into account the location, type of building subject to demolition, local income levels and many other factors. There is no assurance that the governmental authorities will not change or adjust their formulas from time to time without sufficient advance notice. If they do so, the land costs may be subject to substantial increases, which can adversely affect the Group's cash flow, financial condition and results of operations.

**Non-compliance with environmental regulations, including those to be implemented in the future, may result in material adverse effects on the Group's results of operations.**

A variety of general and industry-specific PRC environmental laws and regulations apply to the Group's operations such as air emissions, noise emissions, waste water discharges, waste pollution and solid and hazardous waste handling and disposal. Costs and liabilities relating to compliance with applicable environmental laws and regulations are an inherent part of the Group's business operations. These laws can impose liability for non-compliance or clean up liability on the generation of hazardous waste and other substances from the Group's business operations that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. The Group may also be required to investigate

and remedy contamination at its properties or where the Group conducts operations, including contamination that was caused in whole or in part by previous owners of properties.

In addition, environmental laws and regulations are becoming increasingly stringent and may in the future impose onerous obligations on the Group or significant penalties for non-compliance. While the Group intends to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may materially restrict the operations of its business and/or result in significant costs for the Group.

In addition to potential clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may result in closure or temporary suspension or the imposition of restrictions on the Group's operations. The Group may become involved in legal proceedings that may require it to pay fines, comply with more rigorous standards or incur capital and operating expenses for environmental compliance. Third parties may sue the Group for damages and costs resulting from environmental contamination from its properties and/or production facilities. No assurance can be given that changes in laws or regulations, including environmental laws and regulations, will not result in the Group having to incur substantial capital expenditure to upgrade or supplement its existing facilities or becoming subject to any fines or penalties. If the Group were to incur significant fines or penalties or become involved in protracted litigation, or if any of its facilities are closed or are required to be temporarily suspended or if any upgrade is required to comply with the applicable laws and regulations, then the Group's financial condition and results of operations may be adversely affected.

**The Ministry of Land and Resources may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.**

Under applicable PRC laws and regulations, the Ministry of Land and Resources may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if: (i) the Group does not commence development of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract; (ii) the Group only commences development on an area which is less than one-third of the area granted; or (iii) the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. In addition, the Ministry of Land and Resources has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

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

The Group relies on third-party contractors to carry out infrastructure construction and primary land development. 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. As such, labour shortages, labour disputes or increases in labour

costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to the contractors, which could in turn materially and adversely affect the Group's business and results of operations. See *"Risks Relating to the PRC — The implementation of PRC employment regulations and inflation may increase labour costs in the PRC generally"* below.

**The Group may not make decisions, take actions, or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Huangshi Municipal Government and the Huangshi SASAC exert significant influence on the Group.**

The Company is the primary investment and financing platform of Huangshi which focuses on infrastructure construction, primary land development, medical service, public transportation and water supply and water treatment in Huangshi. Given the Group's strategic role in municipal development of the Huangshi, the Group may not always make decisions, take actions or invest or operate in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits. In addition, the Company is directly controlled by the Huangshi SASAC. The Huangshi Municipal Government and the Huangshi SASAC may exert significant influence on the Group's major business decisions and strategies, including the scope of its operations, investment decisions and dividend policy. There can be no assurance that the Huangshi Municipal Government or the Huangshi SASAC would always take action that is in the Group's best interests or that aims to maximise the Group's profits. The Huangshi Municipal Government and the Huangshi SASAC may use their ability to influence the Group's business and strategy in a manner which is beneficial to Huangshi as a whole but not necessarily in the Group's best interests. The Huangshi Municipal Government and the Huangshi SASAC may also change the policies, intentions, preferences, views, expectations, projections, forecasts and opinions, as a result of any changes in economic, political and social environment as well as projections of population and employment growth in Huangshi. Such changes may have material effect on the Group's business, financial conditions, results of operation and prospects. Any amendment, modification or repeal of existing policies of the Huangshi Municipal Government and the Huangshi SASAC could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

**Delays or defaults in payments by the Huangshi Municipal Government may affect the working capital and cash flow of the Group.**

The Group's construction projects were mainly conducted by the Group acting as government's agent, where the Group undertook the construction, funding and management of the projects until completion. Under the agent construction model, the payment collection period is relatively long, and all or a large portion of the agreed payment is generally paid only after the Huangshi Municipal Government completes its testing and inspection works and provides its approval for the projects or a phase of the projects. The Huangshi Municipal Government may postpone payment or even fail to make a payment. Any delay or default in the project payments by the Huangshi Municipal Government 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 the Huangshi Municipal Government in accordance with the agreed payment timetable. However, there is no assurance that the Huangshi Municipal Government will continue to make all payments in a timely manner, or that no events of default will occur in the future.

**The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Company has minority interests.**

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Company has minority interests. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Company may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Company does not have majority interests.

**The Group's operating revenue from certain business segments is subject to seasonal fluctuations.**

The Group's medical institutions, in line with the healthcare service industry in the PRC, typically have fewer patient visits in the Chinese New Year holiday, during which most people usually avoid paying visits to hospitals, and typically have more outpatient visits during the period between October and February because children and elderly are especially susceptible to respiratory diseases in cold weather. As such, the Group's operating results have fluctuated and are expected to continue to vary from period to period and may not reflect its annual financial results.

The Group's public transportation business segment is also experience some effects of seasonality due to increases in leisure travel and decreases in business travel activities during the summer season and public holidays in the PRC such as Chinese New Year, Labour Day and National Day, although the seasonal impacts may, to some extent, be offset by each other.

Operating costs of the Group's businesses do not necessarily correspond to changes in the demand of the Group's services or products. For example, the Group incurs maintenance expenses, labour costs, depreciation expenses and other overhead expenses throughout the year. The Company expects fluctuations in revenue, cash flow and results of operations of the Group's businesses to continue.

**The Group may not successfully implement its growth strategy.**

The Group has historically focused on primary land development and infrastructure construction in Huangshi. Starting from 2019, it has diversified its business into trading and plans to further develop and expand this business. As one of its business strategies, the Group continues to develop other new business while maintaining sustainable growth of its existing business. Whether the Group could successfully implement this strategy, to some extent, 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. 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 and results of operations.

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

The Group relies on its quality control system to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system for the Group's infrastructure construction business, primary land development business, medical service business, public transportation services, and water supply, water treatment and water facilities installation business. The effectiveness of the Group's quality control system may be affected by a number of factors, such as timely update of the

quality control system to address changing business needs, and the Group's and its contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system 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. If any of such claims were 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 is 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:

- defective quality of the properties it develops;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- 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, epidemics or pandemics.

The Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with applicable laws and industry and business practices in the PRC. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. The frequency and magnitude of natural disasters seen over the past few years, for example, the flooding and landslides triggered by torrential rain in recent years, could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the Group. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

**Any adverse change in the PRC regulatory regime for the healthcare industry, particularly changes in healthcare reform policies, could have a material adverse effect on the Group's business.**

The Group's growth relies to a significant extent on the continued development of the PRC healthcare industry, in particular the healthcare reform.

Government policies in the PRC may change significantly in the future, depending on the objectives prioritised by the PRC government, as well as the political climate at any given time and the continued development of the PRC healthcare industry. Any future change in the relevant government policies may affect public hospital reform and limit private or foreign investments in healthcare services. Such future changes or reforms, if adopted and implemented, may limit the services the Group is able or intend to provide and the sources of its revenue, increase the cost of its services, restrict its ability to pursue potential acquisitions and expansions, intensify the competition, or otherwise negatively affect it disproportionately compared to its competitors and may therefore adversely affect its operations and business prospects.

**The Group is subject to various safety and health laws, rules and 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 licenses or permits.**

The Group is required to comply with extensive safety and health regulations in the PRC. In particular, the operations of its medical institutions in Huangshi are subject to various laws, rules and regulations at the national and local levels, such as those governing the licensing and operation of medical institutions and medical professionals, worker safety, labour regulations, social security and housing funds, environment protection, the use and safety management of pharmaceuticals and medical devices and the quality of medical services.

Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licenses 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 has not received any notice regarding non-compliance with the applicable safety and health regulations or requirements from any governmental 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.

In addition, the Group's medical institutions and physicians are subject to periodic license or permit renewal requirements and inspections by various government agencies and departments at the national and local levels. If the Group fails to maintain or renew any major license, permit or certificate for all or any of its medical institutions, or if its medical professionals become unlicensed at any time during their practices at its medical institutions, its operations at these medical institutions could be interrupted or suspended, and it may face penalties, in which case its business, financial condition and results of operations may be materially and adversely affected.

**The Group's medical services business depends significantly on its reputation. Failure to develop, maintain and enhance the Group's reputation, or any negative publicity and allegations in the media against it and its industry, may materially and adversely affect its reputation, business, financial condition and results of operations.**

The Group's reputation is critical to its success in the rapidly expanding medical treatment, medicine, elderly care, examination and laboratory test services in the PRC. The Group believes that it is increasingly recognised among health-conscious consumers for the service quality, accessibility and comfortable environment of its medical institutions.

- Many factors, some of which are beyond the Group's control, are important for maintaining and enhancing its reputation and may negatively affect its reputation if not properly managed, such as:
- ability to effectively manage the quality of its services and facilities, and to monitor the performance of its physicians and other medical professionals;
- ability to provide a comfortable, convenient and reliable customer experience;
- ability to effectively manage the quality of outsourced examination and laboratory test services;
- ability to increase its brand awareness among existing and potential customers through various means of marketing and promotional activities; and
- ability to adopt new technologies or adapt its systems to user requirements or emerging industry standards.

The Group's reputation could be harmed if its services or facilities fail to meet the expectation of its customers, if the Group fails to maintain its established standards or if it becomes the subject of any negative media coverage with respect to patient-physician disputes. The Group's promotion efforts may be costly and may fail to effectively enhance its reputation or generate additional sales. The Group's failure, if any, to develop, maintain and enhance its reputation may result in decreased revenue and loss of customers, and in turn adversely affect its business, financial condition and results of operations.

The Group may also face challenges from competitors seeking to benefit from damaging its reputation. In addition, any negative publicity in relation to the Group's services, facilities, peers or industry, regardless of its merits, could seriously harm the Group's public image and reputation which in turn may result in a loss of customers and affiliated physicians and have a material adverse effect on its business, financial condition and results of operations. Furthermore, any negative publicity on false medical advertisement or any fatality or accident caused by or associated with false advertisement may harm the perception of the general public on the healthcare industry, including the Group, and its business in general.

**The price of pharmaceuticals, medical consumables and medical devices, which is affected by many factors beyond the Group's control, could adversely affect its margins and results of operations.**

The Group's profitability is susceptible to fluctuations in the costs of pharmaceuticals, medical consumables and medical devices. The availability and price of pharmaceuticals and medical consumables are affected by various factors which are beyond the Group's control, including supply, demand, and general economic conditions. The Group may not predict and properly react to changes in medical supply costs by changing service offerings or adjusting service fees in the future, or it may be unable to pass these cost increases onto its customers, which could materially and adversely affect its margins and results of operations.



**The Group has limited control over the quality of the pharmaceuticals, medical equipment, medical consumables and other supplies it uses in its operations and cannot guarantee that none of the products it uses are counterfeit.**

The Group utilises a variety of pharmaceuticals, medical equipment, consumables and other supplies in its operations, all of which are procured from third-party suppliers. As it does not engage in the direct manufacture of such supplies, there can be no assurance that such supplies are free of defects and meet relevant quality standards or, in the case of imported supplies, verify the origin of such products. In addition, there are counterfeit pharmaceutical products manufactured without proper licenses or approvals or fraudulently mislabelled with respect to their content or manufacturer, or both, in the PRC pharmaceutical market. In some cases, these products are very similar in appearance to the authentic products. The Group's quality control checks and processes may not be able to identify all counterfeit pharmaceutical products in its inventory. Any sale of such products by the Group, regardless of its knowledge as to their authenticity, may subject the Group to administrative sanctions, civil claims, negative publicity or reputational damage. There can be no assurance that the Group will be able to successfully claim full indemnity from such manufacturers of counterfeit pharmaceutical products.

There can be no assurance that the Group will not encounter incidents relating to defective products used by it, or that such incidents will not have materially and adversely effect on the Group. If the products provided by the Group's suppliers are defective, of poor quality or are otherwise unsafe or ineffective, it could be subject to liability claims, complaints or adverse publicity, any of which would materially and adversely affect the Group's results of operations and reputation. There can be no assurance that the Group will find suitable replacement suppliers on commercially acceptable terms or at all.

The Group's suppliers are also subject to extensive PRC laws, rules and regulations. If the Group's suppliers violate applicable laws, rules and regulations, the Group's reputation or procurement may be materially and adversely affected. In addition, the Group may be exposed to reputational damages or even liabilities for defective goods provided by its suppliers or negative publicity associated with its suppliers, and its results of operations could suffer as a result.

**If the Group fails to properly manage the registration of its medical professionals, it may be subject to penalties against its medical institutions, including fines, loss of licenses, or an order to cease practice, which could materially and adversely affect its business.**

The practicing activities of medical professionals are strictly regulated under the PRC laws, rules and regulations. Medical professionals who practice at medical institutions must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical institutions at which their licenses are registered. If a medical professional is found practicing at a medical institution where he or she is not properly registered, both the individual and the medical institution will be subject to administrative penalties according to relevant PRC laws, rules and regulations.

In practice, it usually takes approximately four to nine weeks for medical professionals to transfer the registration of their licenses from one medical institution to another or register an additional medical institution where they are permitted to practice. There can be no assurance that these medical professionals will complete the transfer of registration and related government procedures timely or at all, or that the Group's medical professionals will not practice outside the permitted scope of their respective licenses.

The Group's failure to properly manage the registration of its medical professionals may subject it to administrative penalties against its medical institutions including fines, loss of licenses, or, in the worst-case scenario, an order to cease practice, any of which could materially and adversely affect its business.

**Failure to comply with PRC anti-corruption laws, rules and regulations could subject the Group and/or its physicians, staff and hospital administrators to investigations or administrative or criminal penalties, which may harm the Group’s reputation and materially and adversely affect its business, financial condition, results of operations.**

The Group has adopted policies and procedures designed to ensure that its physicians, staff and hospital administrators comply with PRC anti-corruption laws, rules and regulations. However, the Group operates in the healthcare sector in the PRC, which poses elevated risks of violations of anti-corruption laws, rules and regulations, and the PRC government has recently increased its anti-bribery efforts to reduce improper payments and other benefits received by physicians, staff and hospital administrators in connection with the purchase of pharmaceuticals and medical devices and the provision of healthcare services. Although the Group has established anti-corruption policies and procedures and has not been subject to any government investigation relating to anti-corruption violations, there is no assurance that these policies and procedures will effectively prevent the Group’s non-compliance with the PRC anti-corruption laws, rules and regulations arising from actions taken by the individual physicians, staff and hospital administrators without its knowledge. If this occurs, the Group and/or its physicians, staff and hospital administrators may be subject to investigations and administrative or criminal penalties, and the Group’s reputation could be significantly harmed by any negative publicity stemming from such incidents, which may materially and adversely affect the Group’s business, financial condition and results of operations.

**Concentration of the Group’s operations in Huangshi exposes it to Huangshi’s changing regulatory, economic, public health, environmental and competitive conditions.**

Substantially all of the Group’s operations are located in Huangshi. As a result, it is highly sensitive to the regulatory, economic, public health, environmental and competitive conditions in Huangshi. In particular, hospitals in Huangshi have been adversely affected by past outbreaks of epidemics, such as Severe Acute Respiratory Syndrome, or SARS, in 2003, the H1N1 virus, or swine flu, in 2009, the H7N9 virus in the first half of 2013, and the current COVID-19 pandemic as people have chosen to avoid crowds and hospitals in order to minimize the risk of contagion. The impact of COVID-19 and any future epidemic outbreak of any contagious disease such as the Zika virus could significantly disrupt the Group’s operations. The insurance the Group obtain may not be sufficient to cover all its losses caused by disruption of its operation or at all. Any negative event in Huangshi may have a material adverse effect on its business, financial condition and results of operations.

**The Group could be exposed to risk for its dealing with medical data.**

The Group collects and maintains medical data from the diagnosis and treatment of its patients. PRC laws, rules and regulations generally require medical institutions to protect the privacy of their patients or customers and prohibit unauthorised disclosure of personal information. The Group has taken measures to maintain the confidentiality of its customers’ medical information, including encrypting such information in its information technology system so that it cannot be accessed without proper authorisation and setting internal rules requiring its employees to maintain the confidentiality of its customers’ medical information. However, these measures may not be effective in protecting the Group’s customers’ medical information. The Group’s information technology systems could be breached through hacking activities. Personal information the Group maintains in its operations could be leaked due to any theft or misuse of personal information. In addition, although the Group does not make the customers’ medical information available to the public, it uses such data on an aggregate basis after redacting personal identity for marketing or research purposes. Although the Group believes its current usage of customers’ medical information is in compliance with applicable laws, rules and regulations governing the use of such information, any change in such laws, rules and regulations could impose more stringent data protection requirements and thus affect its ability to use medical data or subject it to liability for the use of such data. Failure to protect customers’ medical information, or any restriction on or liability as a result of the Group’s use of medical data, could have a material adverse effect on its business and reputation.

In addition, the laws and regulations regarding cybersecurity, data privacy and protection in the PRC are rapidly evolving with uncertainty as to the interpretation and application thereof. The Group could be adversely affected if legislation or regulations in the PRC require changes in business practices or privacy policies, or if the relevant governmental authorities in the PRC interpret or implement their legislation or regulations in ways that negatively affect the Group's business, results of operations and financial condition.

**Water shortages and restrictions on the use or supply of water could adversely affect the Group's business.**

In the event of water shortages, additional costs may be incurred to provide emergency reinforcement to supplies in areas at shortage. This may adversely affect the Group's business, financial condition and results of operations. In addition, restrictions on the use or supply of water may adversely affect the Group's operating income and, in very extreme circumstances, may lead to significant compensation becoming due to customers because of supply interruptions, which could adversely affect the Group's business, results of operations, profitability or financial condition.

**Excessive pollution of the raw water or sewage supplied to the Group's treatment plants could adversely affect the Group's business.**

The Group's water supply and water treatment facilities are built to treat raw water or sewage that falls within certain water quality specifications. In the event that the pollution level of the raw water or sewage is higher than the specifications of the Group's treatment facilities, and depending on the extent of such deviation, it may not be possible for the Group to treat the raw water or sewage, or to attain the water quality standards provided under the Group's relevant agreements within the cost structures contemplated by such agreements, or to meet relevant government requirements. For example, the raw water could be polluted by contaminants, and the sewage may contain pollutants beyond the types and quantity as contemplated due to industrial accidents, excessive discharge, oil spills or other events. An excessive pollution of the raw water or sewage supplied to the Group's water treatment plants may cause a temporary suspension of operation of the Group's facilities, which will in turn adversely affect the operating costs and earnings of such plants due to the higher costs of treating the sewage or raw water to attain the quality standard specified in the agreements with the local government or the Group's customers or due to lower turnover from a reduction in water output. Any failure to meet the applicable governmental standards may subject the Group to governmental fines or sanctions. Such excessive pollution could also damage the Group's water supply and water treatment facilities.

**The Group is subject to price controls for its public transportation, water supply and water treatment business segments and may not be able to pass on any increased costs to its customers.**

The Group is subject to price control measures imposed by the government for its public transportation, water supply and water treatment business segments. Tariffs charged by the Group for the public transportation and supply of water are controlled and determined by the Huangshi Municipal Government. Please see "*Description of the Group — Description of the Group's Business — Public Transportation*" and "*Description of the Group — Description of the Group's Business — Water Supply, Water Treatment and Water Facilities Installation*" for further information. There can be no assurance that the Huangshi Municipal Government will increase the public transportation and water tariffs to take into account any future increase in operating costs such as the bus upgrading costs or water resources fee, or that the Huangshi Municipal Government will not lower the existing public transportation and water tariffs. If the Group is not able to pass on its increased operating costs or the impact of any price adjustments to its customers in a timely manner, the Group's business, financial condition and results of operations may be materially and adversely affected.

**The Group's business 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 the Group's businesses, 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 operational 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 financial condition and results of operations. 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 financial condition and results of operations.

**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 vehicles 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 the Group's business reputation, financial condition and results of operations.

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

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. These misconducts 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 is 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 judgement or awards will be effectively enforced. If a judgement or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and 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 an adverse effect on its financial condition and results of operations.**

The Group's business 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, most recently, the COVID-19 pandemic.

In particular, the outbreak of the COVID-19 pandemic caused delays in the resumption of local business in the PRC after the 2020 Chinese New Year. The COVID-19 pandemic has spread all over the world and was declared as a pandemic on 11 March 2020 by the World Health Organisation. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the UK, imposing extensive business and travel restrictions with a view to containing the pandemic. In early 2021, vaccination programmes have been rolled out in various countries, including the United States, the PRC, the European Union and the United Kingdom. However, the effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and many countries, including the PRC, are experiencing another wave of the COVID-19 pandemic, and in some cases new variants of COVID-19 pandemic could be more contagious. In particular, after a strong start in early 2022, the Omicron COVID-19 variant and resulting mobility restrictions have disrupted the PRC's growth normalisation. Furthermore, in December 2022, the PRC government issued new guidelines lifting certain COVID-19 restrictions, including easing testing requirements and travel restrictions, which aim to help spark China's economy back to pre-pandemic growth. However, a sudden lifting of COVID-19 restrictions in China has resulted in a wave of mass infection throughout the whole country in recent weeks. The outbreak or re-emergence of new, highly transmittable variants could lead to more prolonged economic disruptions. The recurrent COVID-19 pandemic is adding to economic uncertainty, weighing on private investment and consumption and reducing the effectiveness of policy measures, which may further create negative economic impact and increase volatility in the PRC and global market, which can have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the administrative actions taken by local governments in the PRC to control the spread of the COVID-19 pandemic, including travel restrictions, quarantines and business shutdowns, may have an adverse impact on the Group's business operation. Construction and development projects may be temporarily shut down. Supply of raw materials and productivity may be adversely affected. As a result, the completion of projects may be delayed, which might result in substantial increase in the Group's costs for constructing or developing its projects and/or adversely affect profitability and cash flow of the Group. In addition, the Group's operations are highly concentrated in Huangshi, and any labour shortages, or slowdown in the growth of domestic consumption in Huangshi, Hubei Province or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group. Given the high uncertainties associated with the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. Should the disruption to the Group's operations extend beyond a specified period, it may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage to the Group. In addition, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

**The Company's accounts were audited in accordance with PRC GAAP which may be different from IFRS. The Company's auditors have limited international capital markets experience.**

The Company's consolidated financial statements as at and for the year ended 31 December 2020, 2021 and 2022 were prepared in accordance with the PRC GAAP. Although the PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Differences Between PRC GAAP and IFRS*" below. 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.

The Company's current independent auditors, WUYIGE, is a registered member of The Chinese Institute of Certified Public Accountants and although it has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

**Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.**

This Offering Circular contains certain discussion of material financial information as at and for the nine months ended 30 September 2023 and certain material trends in the Group's financial results. Such unaudited and unreviewed financial information is not included in, and does not form a part of, this Offering Circular. Such unaudited and unreviewed financial information has not been audited or reviewed by WUYIGE. Such financial information and the discussion of material financial trends in relation to such financial information should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when considering such material financial information and trends and evaluating the Group's financial condition and results of operations.

The Company from time to time issues bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Company needs to publish its interim and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term commercial paper. After the Bonds are issued, the Company is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed periodical financial statements. The interim financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Company 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 investors should not place any reliance on any such financial information.

**The Group's auditor was subject to administrative sanctions by relevant PRC authorities.**

WUYIGE, the Group's auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including CSRC.

WUYIGE has previously received warning letters issued by CSRC and was subject to administrative penalties by CSRC (the "**Regulatory Matters**"). The Regulatory Matters are mainly focused on 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 WUYIGE which were unrelated to the Group. There can be no

assurance that WUYIGE's involvement in such administrative actions or any negative publicities about WUYIGE would not affect investors' confidence in the financial statements contained in this Offering Circular which were audited by it.

WUYIGE has confirmed to the Joint Lead Managers and the Group that the auditors who participate in the audit or review of the Group's historical financial statements were not the subject of, or involved in, the Regulatory Matters. WUYIGE has also confirmed that it is qualified to provide audit services under applicable laws, rules and guidelines. WUYIGE has further confirmed that its auditing work for the Group, 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 Regulatory Matters.

**The Group has historically experienced negative net operating cash outflow, which would exert certain influence over its repayment ability.**

The Group historically experienced net operating cash outflow of RMB191.3 million for the years ended 31 December 2020. Although the Group experienced net operating cash inflow of RMB0.2 million and RMB7.5 million, respectively, for the years ended 31 December 2021 and 2022, there is no assurance these situations will be sustained, especially in a financial year when significant capital investment is made by the Group. If the net cash flow for the operating activities of the Group cannot sustain positive, it may exert negative influence over the Group's repayment capability.

Net cash outflow in the operating activities of the Group may harm its ability to acquire assets, expand its operations and make additional capital expenditures. The Group may need to obtain external financing to satisfy its financial needs and repay its debt. If the Group is unable to repay its debt along with the accrued interests as scheduled, its creditors may accelerate repayment of the relevant debt. The Group may not be able to achieve or sustain positive net cash flow from its operating activities, and even if the Group achieves positive net operating cash flows, such cash inflows may not be sufficient to satisfy its anticipated capital expenditures and other cash needs.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This 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 business.

**Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Company, 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.**

This Offering Circular contains facts and statistics relating to the economy of the PRC, Huangshi and the industries in which the Group operates. While the Company has taken reasonable care to select reputable and reliable information sources and ensure that the facts and statistics relating to the relevant economies and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Company, 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, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

## **RISKS RELATING TO THE PRC**

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

The Group's revenue is derived from the PRC and the growth of the Group's businesses depends significantly on the continuation of economic development and growth in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. The PRC's economy has been transitioning from a planned economy to a more market-oriented economy. For the past four decades, the PRC government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, the Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future businesses, financial condition and results of operations.

The economy of the PRC experienced rapid growth over the past 40 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. In March 2016, Moody's changed the PRC government'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. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. While the International Monetary Fund expects global economic growth to strengthen in 2021 as compared to 2020, there are a number of uncertainties ahead. For example, the ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States plans to impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the 28-nation European Union, and the transition period formally ended on 31 December 2020. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC'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.

Further, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 pandemic has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's businesses, financial condition and results of operations.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's businesses and results of operations could be materially and adversely affected.

**The operations of the Group may be affected by inflation and deflation within the PRC.**

Economic growth in the PRC had historically been accompanied by periods of high inflation. Increasing inflation rates were due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign government policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the prices of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and slow economy. The inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

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

As substantially all of the Group's business are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to 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. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. 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 a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and

equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group and to the holders of the Bonds.

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

The Group and the Group’s subsidiaries are incorporated in the PRC. A substantial portion of the Group’s assets are located in the PRC. In addition, most of the Company’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 be difficult or impossible 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 law.

In addition, 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, PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgment in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a “choice of court” agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a “choice of court” agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A “choice of court” agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a “choice of court” agreement in writing.

As a result, it may be difficult or impossible for investors to effect service of process against the Group’s assets or directors in the PRC in order to seek recognition and enforcement for foreign judgments in the PRC. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

**Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.**

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) which took effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 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 gains realised on the transfer of the Bonds by non-resident

enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (the “**IIT Law**”) as last amended on 31 August 2018, and its implementation rules, 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 the PRC for less than 183 days shall pay individual income tax for any income obtained within the PRC. 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 (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may 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.

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform(關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) (“**Circular 36**”), which introduced the VAT. Under Circular 36, VAT is applicable where the entities or individuals provide financial services (such as providing loans) within the PRC. The Company will be obliged to withhold VAT of 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Company 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.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax or VAT on 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 Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion and may be affected by the risks relating to fluctuations in exchange rates in the future.**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. The Group’s gross revenue is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group’s foreign currency obligations, such as foreign currency denominated debt, if any.

Under existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from, or registration with, competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. More restrictions and extensive vetting processes have been put in place by SAFE to regulate cross-border transactions under the capital account, such as the Notice of SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (Hui Fa (2017)

No. 3) (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知(匯發(2017)3號)). The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may not be able to make interest payments and/or principal repayment to the foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

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

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

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

On 28 December 2012, the PRC government enacted the revised PRC Labour Contract Law (中華人民共和國勞動合同法), which became effective on 1 July 2013. 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, 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 monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. 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 the employees' work time. 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 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. 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 and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

**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. 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 Company, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of its or their respective affiliates, employees, directors, representatives, agents or advisors or any person who controls any of them, and, therefore, the Company, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of its or their respective affiliates, employees, directors, representatives, agents or advisors or any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, Investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

## **RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT**

**The PRC government (including but not limited to the People's Government of Hubei Province, Huangshi Municipal Government and Huangshi SASAC) has no obligation to pay any amount under the Bonds as payment obligations under the Bonds remain the obligation of the Issuer.**

The PRC government (including but not limited to the People's Government of Hubei Province, Huangshi Municipal Government and Huangshi SASAC) is not an obligor and 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. This position has been reinforced by the Circular 23 promulgated on 28 March 2018 and which took effect on the same day, and Circular 706 promulgated on 11 May 2018 and took effect on the same day and the Notice on the Requirements relating to the Foreign Debt Issuance Filings and Registrations Application of local State-Owned Enterprises (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)) issued by the NDRC on 6 June 2019 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises. See "*— General Risks relating to the Group and Its businesses — PRC regulations on the administration of the financing platforms of local governments may have a material impact on the Group's business and sources of financing*".

Any ownership or control by the PRC government (including but not limited to the People's Government of Hubei Province, Huangshi Municipal Government and Huangshi SASAC) in or over the Group does not necessarily correlate to, or provide any assurance to, the Issuer or the Group's financial condition. The PRC government does not have any payment or other obligation under the Bonds or the transaction documents relating to the Bonds. Investments in the Bonds are on the credit risk of the Issuer rather than that of the PRC government. The Bonds are solely to be repaid by the Issuer as an obligor and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. In the event that the Issuer does not fulfil its obligations under the Bonds, the Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds and the transaction documents relating to the Bonds.

**Any failure to complete the relevant registration with SAFE under the Foreign Debt Registration Measures 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.**

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 branch 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 and the SAFE Operational Guideline on Capital Account (2020) (資本項目外匯業務指引(2020)), the Issuer is required to register the Bonds within 15 working days after the Issue Date, 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 the MOF, the National Development Planning Commission and the SAFE, and last amended by the NDRC, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable.

Under the Conditions, the Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to SAFE the requisite documents and information pursuant to the Administrative Measures for Foreign Debt Registration issued by the SAFE, effective as of 13 May 2013 and as amended on 4 May 2015 and its operating guidelines issued by the SAFE and the Circular of the People's Bank of China on Matters Concerning Macro-prudential Management on Overall Cross-border Financing promulgated by the PBOC (the “**Foreign Debt Registration**”) and (ii) use all best endeavours to complete the Foreign Debt Registration and obtain evidence thereof from SAFE on or before the Registration Deadline. In the event that the Issuer is unable to complete such registration within the above-mentioned time period, the holders of any Bond will have the right pursuant to the Conditions, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at 100 per cent. of their principal amount together with accrued interest. If the Issuer fails to complete the registration with the 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.

**Any failure to complete the relevant filings under the NDRC Administrative Measures 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.**

According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities shall obtain from the NDRC a pre-issuance registration certificate prior to issuing offshore debt securities with a tenor of not less than one year and shall notify the particulars of such approved issuances within ten PRC working days after the closing of each issuance. The Issuer has obtained the Enterprise Foreign Debt Filing Certificate from the NDRC on 4 January 2023 evidencing such registration and undertakes to file or cause to be filed with the NDRC within the relevant prescribed timeframes after the completion of delivery of the Bonds the requisite information and documents in accordance with the NDRC Circular, which has been replaced by the NDRC Administrative Measures. While the NDRC Administrative Measures has set out the legal consequences for debtors and involved professional parties in cases of non-compliance of the NDRC Administrative Measures, the NDRC Administrative Measures is silent on whether any such non-compliance would affect the validity and enforceability of the Bonds. Therefore, its interpretation may involve a degree of uncertainty which may adversely affect the enforceability and/or effective performance of the Bonds. In addition, the administration of the NDRC Administrative Measures may be subject to a certain degree of executive and policy discretion by the NDRC. There is also a residual risk that the NDRC pre-issue registration certificate may be revoked or amended or that future changes in PRC laws and regulations related to the interpretation of the NDRC Administrative Measures and related rules may have a negative impact on the performance, validity and/or enforceability of the Bonds in the PRC. Potential investors in the Bonds are advised to exercise due caution when making their investment decision.

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

The Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payments due on the 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 (together with all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement and/or any other transaction document relating to the Bonds), and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 7(d) of the Conditions. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

**The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof or meet its outstanding obligations under the Bonds.**

The Issuer may, in the event of certain changes in taxation or upon the occurrence of a Non-Registration Event, and at maturity, and in the event of a Pre-funding Failure will be required to, redeem all or, in the case of a Change of Control, all but not some only, of the Bonds, as further described in Condition 7 of the Conditions. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. 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 Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

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

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited



number of investors hold a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. None of the Joint Lead Managers is obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at its sole discretion. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue as at the date of this Offering Circular), whereby there could potentially be a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such potential lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time.

Although application will be made for the listing of the Bonds on the MOX, such listing can give no assurance as to the liquidity of, or trading market for, the Bonds. No assurance can be given as to the liquidity of, the trading market for, or the trading price of, the Bonds, or that the Bonds will be able to obtain or maintain a listing on the MOX. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders of the Bonds will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Issuer may, from time to time, and without prior consent of the Bondholders and in accordance with the Trust Deed, 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 complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and the Foreign Debt Registration and the relevant notifications to the Trustee and Holders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds or otherwise raise additional capital through such means and in such manner as it may consider necessary. See "*Terms and Conditions of the Bonds — Further Issues*". There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

**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 and the Group's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in prices for comparable companies, any adverse change in the credit rating, the revenues, earnings, results of operations or otherwise in the financial condition of the LC Bank could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future.

**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 U.S. economy. In 2022, however, the U.S. Federal Reserve has raised interest rates a few times in order to control inflation and has signalled more rate hikes if inflation is not controlled. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

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

**Additional procedures may be required to be taken to bring matters or disputes governed by English law to 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 matters or disputes governed by English law.**

The Bonds, the Trust Deed and the Agency Agreement are governed by English law, where parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement. In order to hear matters or disputes governed by English law, Hong Kong courts may require certain additional procedures be taken.

In addition, under 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 Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), judgements of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of the Hong Kong courts. 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 under certain other circumstances specified by 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 Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgement given by the Hong Kong courts, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Furthermore, the Supreme People's Court of China (the "SPC") and the Hong Kong government on 18 January 2019 signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Arrangement**"), which expands the scope of judicial assistance. The effective date of the New Arrangement will be announced by the SPC and the Hong Kong SAR only after the SPC issues a judicial interpretation and the Hong Kong government passes legislation implementing it.

Furthermore, 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 a holder's ability to initiate a claim outside Hong Kong will be limited.

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant 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 relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments unless it has 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) Bonds are legal investments for it, (b) 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 Bonds under any applicable risk-based capital or similar rules.

**The Bonds are unsecured obligations.**

The Bonds will be unsecured obligations of the Issuer. The repayment of the Bonds may be adversely affected 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.

**The Bonds will be effectively subordinated to all of the Group's secured debt.**

The Bonds are general senior unsecured obligations. The Bonds will be effectively subordinated to all secured indebtedness of the Group to the extent of the value of the assets securing such indebtedness. In

addition, the Trust Deed constituting the Bonds and the Conditions will, subject to some limitations, permit the Group to incur additional secured indebtedness in connection with bank and other financing arrangements.

In the event of bankruptcy, liquidation, reorganisation or other winding up, the assets that secure the Group's secured indebtedness will be available to pay obligations on the Bonds only after all secured indebtedness, together with accrued interest, has been repaid. If the Group is unable to repay its secured indebtedness, the lenders could foreclose on substantially all of its assets which serve as collateral. Under such circumstances, the secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the Bonds. Holders of the Bonds will participate in the proceeds of the liquidation of the Group's remaining assets rateably with holders of the Group's unsecured indebtedness that is deemed to be of the same class as the Bonds, and potentially with all of the Group's other general creditors.

**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 other affiliates in which the Issuer owns equity interests 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 or other affiliates in which the Issuer owns equity interests. The Bonds will not be guaranteed by any of the Issuer's subsidiaries or affiliates, and the Issuer may not have direct access to the assets of such subsidiaries or affiliates unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries or affiliates to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries and affiliates 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 rights to receive assets of any of the Issuer's subsidiaries or affiliates upon that subsidiary's or affiliate's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's or affiliate'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 or other affiliates in which the Issuer owns equity interests or that the Issuer may in the future acquire or establish.

The Bonds are the Issuer's unsecured obligations and 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 preferred by provisions of law and regulations that are both mandatory and of general application. 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, or upon any acceleration of the Bonds, 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.

**The Issuer's subsidiaries and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer and its subsidiaries and associated companies.**

The Issuer may, to a certain extent, depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries and associated companies to satisfy its

obligations, including its obligations under the Bonds. The ability of the Issuer's subsidiaries and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders, including the Issuer, is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries and associated companies, restrictions contained in relevant debt instruments, and applicable laws. There can be no assurance that the Issuer's subsidiaries and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of directors of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions then existing, including the Issuer's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant. These factors could reduce the payments that the Issuer receives from its subsidiaries and associated companies, which would restrict its ability to meet its payment obligations under the Bonds.

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

The Bonds are denominated and payable in Renminbi. The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's political and economic conditions. An investor who measures investment returns by reference to a currency other than Renminbi would be subject to foreign exchange risks by virtue of an investment in the Bonds due to the fluctuation in the exchange rate of Renminbi and the investor's reporting currency. The value of Renminbi is affected by many economic, political and other factors over which the Issuer has no control.

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

Certain financing agreements entered into by members of the Group may contain operational and financial restrictions on the Group's or, as the case may be, the relevant subsidiary's business operations or financing activities, that prohibit the relevant borrower from incurring additional indebtedness, providing guarantees to other parties or changing its business focus or corporate structure unless it is able to satisfy certain requirements, including but not limited to meeting certain financial ratios or obtaining the relevant lender's prior consent. The ability of the Group to meet such requirements may be affected by events beyond its control, and the Group may not be in compliance with such restrictions from time to time. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions in time, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the ability of the Issuer and other members of the Group to satisfy any obligations under the Bonds and/or other debt, as the case may be.

If the Issuer is unable to comply with the restrictions and covenants under the Bonds, or with its current or future debt obligations and other agreements (if any), there could be a default under the terms of those agreements, including the Bonds. In the event of a default under such agreements, the holders of the debt could terminate their commitments to lend to the Issuer or such other member of the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate such agreements, as the case may be. Furthermore, some of the Issuer's debt agreements, including the Bonds, may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer or any other member of the Group under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other 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 in full all of

the indebtedness of the Issuer or such other member of the Group, or that it would be able to find alternative financing. Even if alternative financing could be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or such other member of the Group.

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

The Conditions contain provisions for calling meetings of 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 have voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of individual Bondholders.

The Conditions also provide that the Trustee may (but shall not be obliged to) agree, without the consent of Bondholders, to (i) any modification of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit 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 law, (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation or any breach or proposed breach of any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit 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 16 of the Conditions to reflect the new aggregate principal amount of the Bonds following such issue.

**The Bonds will initially be evidenced by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the clearing systems.**

Upon issue, the Bonds will initially be evidenced 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. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream (together with CMU, the “**Clearing Systems**”), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU operator. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are evidenced by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

Owners of book-entry interests will not be considered owners or holders of the Bonds for purposes of the Trust Deed. Accordingly, holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System, and if such holder is not a participant in the relevant Clearing System, on the procedures of the participant through which such holder owns its interest, to exercise any rights and obligations of a holder of the Bonds 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 Bonds 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 Bonds 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.

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

As the Issuer is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer would likely involve PRC insolvency 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. Potential investors should analyse the risks and uncertainties carefully before investing in the Bonds.

**The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.**

In certain circumstances (including, without limitation, giving of notice to the Issuer pursuant to Condition 10 of the Conditions and taking steps and/or actions and/or instituting enforcement proceedings as contemplated in Condition 14 of the Conditions), the Trustee may (at its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction.

Negotiating and agreeing to 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 institute proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Conditions) or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such steps and/or actions and/or institute proceedings directly.

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

The Conditions and the Trust Deed 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 practice after the date of issue of the Bonds.

**Interest payable by the Issuer to overseas Bondholders and gains on the transfer of the Bonds may be subject to income tax and value-added tax under PRC tax laws.**

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed non-resident enterprises under the EIT Law 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 income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the

IIT Law and its implementation rules, 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 a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual Bondholders 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 (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) 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.

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

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

#### **Stamp duty may also be imposed during the issuance and transfer of the Bonds.**

According to Interim Regulation of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) (the “**Stamp Tax Law**”) promulgated by the State Council on 6 August 1988, and implemented on 1 October 1988 and amended on 8 January 2011 and its implementation rules, enterprises or individuals which receive any of the instruments specified in these rules within the territory of the PRC or to the extent that any such instruments have legally binding effect within the territory of the PRC and are protected under PRC laws shall be obliged to pay relevant stamp duty in accordance with the provisions therein.

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, or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and investors purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance and the applicable rate to the transfer of the Bonds (or such higher rate if local governments have other additional requirements).

Furthermore, the taxation authorities shall order a taxpayer or withholding agent who fails to comply with the Stamp Tax Law to make rectifications within a prescribed time limit and may also impose a fine of up to five times the amount of stamp duty unpaid. Investors should further consult their own legal and tax advisers in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.



**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 any time at their principal amount, together with any interest accrued to (but not including) 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 Amounts (as defined in the Conditions), as further described in Condition 7(b) of the Conditions. If the Issuer redeems the Bonds prior to the Maturity Date, 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 will follow the applicable corporate disclosure standards for debt securities listed on the MOX, which standards may be different from those applicable to debt securities listed in certain other countries.**

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the MOX. The disclosure standards imposed by the MOX may be different than 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 LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of Postal Savings Bank of China Co., Ltd.**

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by Postal Savings Bank of China Co., Ltd., and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Postal Savings Bank of China Co., Ltd. would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial condition of Postal Savings Bank of China Co., Ltd., which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- **Impaired loans and advances.** Postal Savings Bank of China Co., Ltd.'s financial condition have been and will continue to be negatively affected by its impaired loans. If Postal Savings Bank of China Co., Ltd. is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans Postal Savings Bank of China Co., Ltd. extends in the future, or Postal Savings Bank of China Co., Ltd.'s allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, Postal Savings Bank of China Co., Ltd.'s financial condition could be materially and adversely affected.
- **Collateral and guarantees.** A certain portion of Postal Savings Bank of China Co., Ltd.'s loans is secured by collateral and backed by guarantees. If Postal Savings Bank of China Co., Ltd. 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, Postal Savings Bank of China Co., Ltd.'s financial condition could be materially and adversely affected.
- **Loans to real estate sector and government financing platforms.** Postal Savings Bank of China Co., Ltd.'s loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market 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 over-heating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and quality of Postal Savings Bank of China Co., Ltd.'s loans to the real estate industry and, consequently, Postal Savings Bank of China Co., Ltd.'s financial condition and results of operations. Loans to government financing platforms

are a part of the loan portfolio of Postal Savings Bank of China Co., Ltd. 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, as neither Postal Savings Bank of China Co., Ltd. nor the LC Bank has 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 Standby Letter of Credit is subject to a maximum limit which may not be sufficient to satisfy all obligations potentially due at the time the Trustee draws on the Standby Letter of Credit.**

The Bonds will have the benefit of the Standby Letter of Credit up to an amount (the “**Maximum Limit**”) representing only (i) the aggregate principal amount of the Bonds plus interest payable for one interest period (being six months) and (ii) CNY7,101,800 being the maximum amount payable under the Standby Letter of Credit for all fees, costs, expenses, indemnity payments and all other amounts which may be incurred by the Trustee or payable by the Issuer to the Trustee under or in connection with the Bonds, the Conditions, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. There can be no assurance that the Maximum Limit will be sufficient to fully satisfy the aforementioned payments at the time the Trustee makes the one allowed drawing under the Standby Letter of Credit.

**The Standby Letter of Credit will expire by the Expiry Time.**

The Standby Letter of Credit will take effect from the Issue Date and shall remain valid and in full force until 5:30 p.m. (Beijing time) on 3 January 2027 (the “**Expiry Time**”) and shall expire at the place of the LC Bank. In the event that the Trustee does not make a Demand under the Standby Letter of Credit by the Expiry Time, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

**There is uncertainty as to whether the Standby Letter of Credit must be registered with SAFE.**

According to (i) the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees, (ii) 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 and (iii) other applicable laws and regulations, the LC Bank is required to submit relevant data for overseas loans through a SAFE data interface programme or any other method. Failure to do so will not render the Standby Letter of Credit ineffective or invalid under PRC law but could subject the LC Bank to certain punishments by the SAFE in accordance with the Regulations of the People’s Republic of China on Foreign Exchange Control. If the LC Bank is required to make a data submission to 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.

**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.

**Remittance of proceeds into or outside of the PRC in Renminbi may be subject to restrictions.**

The Issuer's ability to remit some or all of the proceeds into the PRC in Renminbi will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC governmental authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC governmental authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

**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 interbank 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 it will be able to source such Renminbi on satisfactory terms, if at all.

## TERMS AND CONDITIONS OF THE BONDS

*The following are the terms and conditions of the Bonds (as defined below) substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates (as defined below) and referred to in the Global Certificate (as defined below).*

The CNY369,680,000 in aggregate principal amount of 3.9 per cent. credit enhanced bonds due 2026 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 16 of these terms and conditions (these “**Conditions**”) and to be consolidated and forming a single series therewith) of Huangshi Urban Development Investment Group Co., Ltd. (黃石市城市發展投資集團有限公司) (the “**Issuer**”) are constituted by a trust deed dated 7 December 2023 (the “**Issue Date**”) (as amended and/or supplemented and/or replaced from time to time, the “**Trust Deed**”) made between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which expression shall, where the context so permits, include its successor(s) and all other persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined below). The Bonds will have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) dated on or before 7 December 2023 issued by Postal Savings Bank of China Co., Ltd. Huangshi Branch (the “**LC Bank**”) in favour of the Trustee on behalf of itself and holders of the Bonds.

The Bonds are the subject of an agency agreement (as amended and/or supplemented and/or replaced from time to time, the “**Agency Agreement**”) dated 7 December 2023 relating to the Bonds entered into between the Issuer, the Trustee and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as CMU lodging and paying agent (in such capacity, the “**CMU Lodging and Paying Agent**”, which expression shall include any successor CMU lodging and paying agent appointed from time to time in connection with the Bonds), as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time pursuant to the Agency Agreement, in connection with 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) with which the LC Proceeds Account (as defined below) is held and the other agents appointed thereunder. In these Conditions, “**Paying Agents**” means the CMU Lodging and Paying Agent, together with any additional or successor paying agent appointed from time to time pursuant to the Agency Agreement in connection with the Bonds, and “**Agents**” means the CMU Lodging and Paying Agent, any other Paying Agents, the Registrar, any Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement in connection to the Bonds.

Certain provisions of these Conditions are summaries of the Trust Deed, the Agency Agreement and the Standby Letter of Credit and are subject to their detailed provisions. The Bondholders (as defined below) 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 applicable to them of the Agency Agreement. For so long as any Bond is outstanding, copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are 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.

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

## 1 FORM, AUTHORISED 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, an “**Authorised Denomination**”). The Bonds are evidenced by registered certificates (the “**Certificates**”) and, save as provided in Condition 3(a), each Certificate shall evidence the entire holding of Bonds by the same Holder (as defined below).

Title to the Bonds shall pass by transfer and registration in the Register (as defined below), as described in Condition 2. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

*Upon issue, the Bonds will be initially evidenced 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 in respect of any of the Bonds that are evidenced by the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”.*

*For so long as any of the Bonds are evidenced by the Global Certificate, each person who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds (the “**accountholder**”) (in which regard any certificate or other document issued by the Operator as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator as the holder of such principal amount of such Bonds for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Bonds, the right to which shall be vested, as against the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator solely in the registered holder of the Global Certificate in accordance with and subject to its terms (and the expressions “**Bondholder**” and (in relation to a Bond) “**holder**” and related expressions shall be construed accordingly). Notwithstanding the above, if the Global Certificate is held by or on behalf of the CMU, any payments that are made in respect of the Bonds evidenced by the Global Certificate shall be made by the CMU to the respective accountholders and such payments shall discharge the obligation of the Issuer in respect of that payment. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error).*

## 2 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.

### 3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

#### (a) Register

The Issuer will cause a register (the “**Register**”) of Bondholders to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

#### (b) Transfer

Subject to Conditions 3(e) and 3(f) and relevant provisions of the Agency Agreement, a holding of Bonds may be transferred in whole or in part upon the surrender of the Certificate(s) evidencing such Bonds to be transferred at the specified office of the Registrar or any Transfer Agent, together with the form of transfer endorsed on such Certificate(s) (or any other form of transfer obtainable from the Registrar or any Transfer Agent), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a Holder, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Bonds may not be transferred unless the principal amount of such Bonds to be transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the balance of such Bonds not being transferred are equal to or more than the Authorised Denomination.

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

#### (c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of any Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of other evidence required by the Registrar or the relevant Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer and surrender of Certificate and other evidence 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 3(c), “**business day**” means a day, other than a Saturday or Sunday or public holiday, on which commercial

banks are generally open for business in the place of the specified office of the Registrar and if applicable, the relevant Transfer Agent.

*Except in the limited circumstances described in the Global Certificate (see “Summary of Provisions relating to the Bonds in Global Form”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.*

**(d) Transfer Free of Charge**

Registration and transfer of Bonds and issuance of new Certificates shall be effected 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 (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require) of any tax, duty assessment or other governmental charge that may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent being satisfied that the Regulations (as defined below) have been complied with.

**(e) Closed Periods**

No Holder 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, interest or premium in respect of that Bond, (ii) after a Put Exercise Notice (as defined in Condition 7(c)) has been deposited in respect of such Bond pursuant to Condition 7(c), or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)).

**(f) Regulations**

All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations (the “**Regulations**”) concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed from time to time, by the Issuer with the prior written approval of the Trustee and the Registrar, and by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar for inspection at the specified office of the Registrar 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 (other than public holidays)) following prior written request and proof of holding and identity by any Bondholder to the satisfaction of the Registrar.

#### **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, for itself and on behalf of 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 for itself and on behalf of the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “**Demand**”) stating that (i) 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 these Conditions and/or has failed to provide the Required Confirmations (as defined in Condition 4(b)) in accordance with the Pre-funding Condition, or (ii) an Event of Default (as defined in Condition 10) has occurred and the Trustee has given notice to the Issuer in accordance with these Conditions that the Bonds are immediately due and payable in accordance with these Conditions.

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

Such drawing on the Standby Letter of Credit will be payable in Renminbi in immediately available funds 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 by the Issuer under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document 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 Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds, as the case may be.

The LC Bank’s aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not exceed CNY383,990,560 in aggregate.

The Standby Letter of Credit takes effect from the Issue Date and expires at 5:30 p.m. (Beijing time) on 3 January 2027 and shall expire at the place of the LC Bank.

*See “Appendix A — Form of Irrevocable Standby Letter of Credit” for the form of the Standby Letter of Credit.*

**(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 and irrevocably 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 by email (x) a Payment and Solvency Certificate signed by any Authorised Signatory (as defined in Condition 5(g)), 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**”).



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:

- (i) give notice substantially in the form set out in the Trust Deed (the “**Pre-funding Failure Notice**”) to the Bondholders in accordance with Condition 17 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
- (ii) by no later than 5:30 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date, issue (or cause to be issued on its behalf) a Demand to the LC Bank for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) and all fees, costs, expenses, indemnity payments and all other amounts which may be incurred by the Trustee or payable by the Issuer to the Trustee in connection with the Bonds, these Conditions, the Trust Deed, the Agency Agreement 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 an original of the Demand to the LC Bank and shall be entitled to submit the 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 email transmission as provided in the Standby Letter of Credit).

Following receipt by the LC Bank of such Demand by 5:30 p.m. (Beijing time) on a Business Day, the LC Bank shall by 10:00 a.m. (Beijing time) on the fourth Business Day (or if a Demand is received after 5:30 p.m. (Beijing time) on a Business Day, on the fifth Business Day) immediately following the Business Day of receipt of such Demand, pay to or to the order of, the Trustee the amount in Renminbi specified in the Demand in immediately available funds to the account specified in the Demand.

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions.

For the purposes of this Condition 4:

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

“**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 (A) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b), and (B) 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 designated for the purposes specified above and such other accounts or sub-accounts as designated by the Pre-funding Account Bank from time to time for such purpose.

## 5 COVENANTS

### (a) Notification to the NDRC

The Issuer undertakes that it will (i) file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the Bonds within ten Registration Business Days after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (Decree No. 56 of the National Development and Reform Commission) (《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) (the “**NDRC Administrative Measures**”) issued by the NDRC and effective from 10 February 2023 and any applicable implementation rules or applicable policies issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”), (ii) comply with all applicable PRC laws and regulations in relation to the Bonds (including but not limited to any related filing requirement under the NDRC Administrative Measures).

### (b) Notification of Completion of the NDRC Post-issue Filing

The Issuer shall within ten Registration Business Days after the submission of the NDRC Post-issue Filing, (i) provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing and (B) copies of the relevant documents evidencing the completion of the NDRC Post-issue Filing (if any) certified in English as a true and complete copy of the original by an Authorised Signatory (the certificate and documents described in (A) and (B) together, the “**NDRC Post-issue Filing Documents**”), and (ii) give notice in English to the Bondholders in accordance with Condition 17 confirming the submission of the NDRC Post-issue Filing.

The Trustee may rely conclusively on the NDRC Post-issue Filing Documents and shall have no obligation or duty to enquire, monitor or ensure or assist with the filing of the Bonds with the NDRC or to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing Documents or the NDRC Post-issue Filing, or to translate or procure that any NDRC Post-issue Filing Document is translated into English or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to the Bondholders or any other person for not doing so.

### (c) Foreign Debt Registration

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to SAFE the requisite documents and information pursuant to the Administrative Measures for Foreign Debt Registration (Hui Fa [2013] No. 19) (《外債登記管理辦法》) (匯發[2013]19號) issued by the SAFE, effective as of 13 May 2013 and as amended on 4 May 2015 and its operating guidelines issued by the SAFE and the Circular of the People’s Bank of China on Matters Concerning Macro-prudential Management on Overall 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) promulgated by the People’s Bank of China (the “**Foreign Debt Registration**”) and (ii) use all best endeavours

to complete the Foreign Debt Registration and obtain a registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline.

**(d) Notification of Completion of the Foreign Debt Registration**

The Issuer shall before the Registration Deadline and within ten Registration Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), (i) provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the Foreign Debt Registration and (B) copies of the relevant documents evidencing the completion of the Foreign Debt Registration, each certified in English as a true and complete copy of the original by an Authorised Signatory (the certificate and documents described in (A) and (B) together, the “**Registration Documents**”) and (ii) give notice in English to the Bondholders in accordance with Condition 17 confirming the completion of the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to enquire, monitor or ensure or assist with the completion of the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, completeness, content, validity and/or genuineness of the Registration Documents and any other documents in relation to or in connection with the Foreign Debt Registration, or to translate or procure that any Registration Document is translated into English or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to the Bondholders or any other person for not doing so.

**(e) Financial Information**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with:

- (i) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period; and
- (ii) 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.

Reports referred to in this Condition 5(e) which are in the Chinese language shall be provided to the Trustee together with an English translation of the same translated by (x) an internationally or nationally recognised firm of independent accountants or (y) a professional translation service provider and checked by an internationally or nationally 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 shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to any Bondholder, the Issuer or any other person).

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

(f) **Compliance Certificate**

So long as any Bonds remain outstanding (as defined in the Trust Deed), the Issuer shall send a Compliance Certificate to the Trustee (i) at the same time as the Audited Financial Reports for each Relevant Period are furnished to the Trustee pursuant to Condition 5(e) and (ii) within 14 days of any written request therefor from the Trustee. The Trustee may rely on any Compliance Certificate conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(g) **Definitions**

In these Conditions:

“**Audited Financial Reports**” means, for a Relevant Period, the annual audited consolidated balance sheet, consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with the applicable PRC GAAP (audited by a nationally recognised firm of independent accountants);

“**Authorised Signatory**” means any director or any other officer of the Issuer who has been duly authorised by the Issuer, as specified in the list(s) of authorised signatories provided by the Issuer, to sign any certificate or document required in connection with the Bonds, the Trust Deed and the Agency Agreement 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 in English, in substantially the form set out in the Trust Deed, signed by an Authorised Signatory certifying that, having made all reasonable enquiries, to its best 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 and the Bonds, or, if any non-compliance had occurred, giving details of such non-compliance;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**NDRC**” means the National Development and Reform Commission of the PRC or any of its local counterparts;

“**Person**” means any corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**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 purpose of these Conditions only, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

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

“**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;

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

“**Relevant Period**” means (i) in relation to the Audited Financial Reports, each period of 12 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);

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its competent local branches;

“**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 laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that Person; and

“**Unaudited Financial Reports**” means, for a Relevant Period, the semi-annual unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in equity of the Issuer together with any statements, reports (including any directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them, if any, prepared in accordance with the applicable PRC GAAP.

## 6 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.9 per cent. per annum, payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year (each an “**Interest Payment Date**”) commencing on 7 June 2024.

Each Bond will cease to bear interest from and including the due date for redemption unless, upon surrender of the Certificate evidencing 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 (i) the date 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 (ii) the date 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 Bondholder under these Conditions).

In these Conditions, each of 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**”. If interest is required to be calculated for the Interest Period (and for any period of less than a complete Interest Period), 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.

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 the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 7 REDEMPTION AND PURCHASE

### (a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 7 December 2026 (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**”), which shall specify the date for redemption and the method by which payment shall be made to the Bondholders in accordance with Condition 17 (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 interest accrued to, but excluding, the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 9) 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 and/or amendment becomes effective on or after 30 November 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer 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 any 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 and/or amendment, and the Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 7(b) without further enquiry and without liability to the Bondholders or any other person, in which event the same shall be conclusive and binding on the Bondholders.

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 specified in such Tax Redemption Notice in accordance with this Condition 7(b).

**(c) Redemption for Relevant Events**

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 their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, initially in the form scheduled to the Agency Agreement and for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the "**Initial Exercise Period**"), or (ii) if later, within 30 days following the date upon which notice of a Relevant Event is given to Bondholders by the Issuer as specified below (the "**Substituted Exercise Period**"). A Put Exercise Notice, once delivered, shall be irrevocable.

The "**Put Settlement Date**" in respect of any Bond for which such option is exercised shall (subject to Condition 7(d)) be the 14th Payment Business Day (as defined in Condition 8) after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period.

The Issuer shall give notice to the Trustee and the CMU Lodging and Paying Agent in writing and to the Bondholders (in accordance with Condition 17) by not later than (a) 14 days following the first day on which it becomes aware of the occurrence of a Change of Control or (b) five days following the first day on which it becomes aware of a Non-Registration Event, which notice shall specify:

- (i) the applicable Put Settlement Date;
- (ii) the date of the Change of Control or Non-Registration Event and, briefly, the events causing the Change of Control or Non-Registration Event, as applicable;
- (iii) the date by which a Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their right to require redemption of the Bonds pursuant to this Condition 7(c); and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not 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 shall not be liable to Bondholders, the Issuer or any other person for not doing so.

For the purposes of these Conditions:

a “**Change of Control**” occurs when:

- (i) PRC Government Persons, acting together, cease to directly or indirectly own or hold 100 per cent. of the share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person or Persons other than any PRC Government Persons;

“**Control**” with respect to any Person means (i) the ownership, acquisition or control of more than 75 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove at least two thirds of the members of the relevant Person’s board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term “**Controlled**” has meanings correlative to the foregoing;

a “**Non-Registration Event**” occurs when the Registration Documents are not received by the Trustee in accordance with Condition 5(d) on or before the Registration Deadline;

“**PRC Government Persons**” means one or more of; (i) the State-owned Assets Supervision and Administration Commission of Huangshi City (黃石市人民政府國有資產監督管理委員會) or its successor; (ii) the People’s Government of Huangshi City (黃石市人民政府) or its successor; (iii) the People’s Government of Hubei Province (湖北省人民政府) and its governmental agencies and departments; (iv) the central government of the PRC and (v) any person or entity directly or indirectly Controlled by any of the Persons referred in (i), (ii), (iii) and (iv); and

a “**Relevant Event**” will be deemed to occur if:

- (i) there is a Change of Control; or
- (ii) there is a Non-Registration Event.

*So long as the Bonds are evidenced by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Change of Control or a Non-Registration 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 first Interest Payment Date falling immediately after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the “**Mandatory Redemption Date**”) (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the Holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to 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, all the 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 interest accrued to, but excluding, such Put Settlement Date, and the term “**Mandatory Redemption Date**” shall be construed to mean the Put Settlement 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 such Subsidiary, shall not entitle the Holder thereof to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 10, Condition 13(a) and Condition 14.

(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(f). If there is more than one notice of redemption given in respect of any Bond (which shall include any 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. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and shall not be liable to the Bondholders, the Issuer, the LC Bank or any other person for not doing so.

(g) **Cancellation**

All Certificates evidencing Bonds redeemed or purchased by or on behalf of any of the Issuer and its Subsidiaries shall be immediately 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.

## 8 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal, premium (if any) and interest shall be made in Renminbi by wire transfer to the registered account of each Bondholder and (in the case of redemption) subject to surrender of the relevant Certificates at the specified office of the Registrar or any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates, in the manner provided in Condition 8(a)(ii).
- (ii) Payment of any amount on each Bond shall be paid, on the due date for payment, to the Bondholder at its registered account each as shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). In this Condition 8, 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 presentation 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 evidenced by the Global Certificate, the CMU Lodging and Paying Agent will make payments of interest, premium or principal to the Operator, who will make payment to the CMU participants for whose account a relevant interest in the Global Certificate is credited as shown in the record of the Operator at the close of business of the Clearing System Business Day immediately prior to the due date of payment, where “Clearing System Business Day” means a day on which the CMU is operating and open for business. Such payment will discharge the Issuer’s obligations in respect of that payment. 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. The Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of such payments. 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:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 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 the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that 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 is required to be but has not been presented at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the CMU Lodging and Paying Agent is open for business and on or following which the relevant Certificate is presented.
- (d) **Appointment of Agents:** The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. 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, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee (i) to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent or any of the other Agents, and (ii) to appoint additional or other Paying Agents and/or Transfer Agents, *provided that* the Issuer shall at all times maintain (A) a CMU Lodging and Paying Agent, (B) a Registrar, and (C) a Transfer Agent.

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 17.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers or if the Bondholder is late in presenting or cannot present 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 Day:** 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 (i) commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Beijing, Hong Kong and the places in which the respective specified offices of the CMU Lodging and Paying Agent and the Registrar are located, and (ii) the CMU is operating and open for business.

## 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 without set-off or counterclaim and free and clear of, 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 or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where withholding or deduction is made by the Issuer 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 up to and including the aggregate rate applicable on 30 November 2023 (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 received 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 in excess of the Applicable Rate, in such event 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; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate evidencing it is presented (where presentation is required) 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 presenting the Certificate evidencing such Bond for payment on the last day of such period of 30 days (and as if such last day were a Payment Business Day (as defined in Condition 8)).

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 and the Bonds.

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

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 7(b) and this Condition 9 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, assessments, government charges, withholding 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, and none of them shall be responsible or liable for any failure by the Issuer, the LC Bank, any Bondholder or any other party to pay such tax, duty, charges, assessments, government charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, assessments, government charges, withholding or other payment imposed by or in any jurisdiction, 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, government charges, withholding or other payment imposed by or in any jurisdiction.

## 10 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs the Trustee at its discretion may, and if so requested in writing by Holders of at least 25 per cent. of the 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 have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written 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 accrued and unpaid interest. An “**Event of Default**” occurs if:

(A) With respect to the Issuer:

- (a) **Non-Payment:** there has been a failure to pay when due (i) the principal of or any premium (if any) on any of the Bonds or (ii) any interest on any of the Bonds 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 or in respect of the Bonds or the Trust Deed, which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 30 days after written 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 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 U.S.\$50,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar 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 all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed for a period of 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or any material part of its properties, assets or revenues, as the case may be, 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 45 days; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Principal Subsidiaries, as the case may be; or
- (g) **Winding-up:** (i) 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 its Principal Subsidiaries, or (ii) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except in the cases of (i) and (ii) above for the purpose of and followed by a solvent winding-up, reconstruction, dissolution, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by the Bondholders by Extraordinary Resolution, (ii) 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

or another of its Subsidiaries or (iii) in the case of a disposal of a Principal Subsidiary, on an arm's length basis where the proceeds resulting from such disposal (whether in cash or otherwise) are fully vested in the Issuer and/or another of its Subsidiaries; or

- (h) **Government Intervention:** (i) all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of its undertaking, 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 by the Issuer (or procured by the Issuer 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 or in respect of the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Certificates, the Register 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/or 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 Conditions 10(A)(d) to 10(A)(h) (both inclusive).

In this Condition 10, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

- (i) whose total operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total operating income, as shown by its latest audited income statement, is at least ten per cent. of the consolidated total operating income as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (ii) whose total net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total net profit, as shown by its latest audited income statement, is at least ten per cent. of the consolidated total net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of net profits 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 ten per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests;

provided that, in relation to paragraphs (i), (ii) or (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 Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer 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 Issuer 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 Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating income, total net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by or on behalf of the Issuer;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total operating income, total 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 Issuer;
- (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 Issuer, 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 Issuer prepared for this purpose by the Issuer; and
- (E) in the case of a Subsidiary 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 Issuer 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 (A), (B) or (C) above of this definition.

(B) With respect to the LC Bank:

- (a) *Cross-default*: (i) any other present or future Public External Indebtedness of the LC Bank or of any of the LC Bank Subsidiaries 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 (ii) 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)(a) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(B)(a) operates); or
- (b) *Insolvency*: the LC Bank or any of the LC Bank Material Subsidiaries 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 or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or 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 of the LC Bank Material Subsidiaries; or
- (c) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the LC Bank or any of the LC Bank Material Subsidiaries (except for any voluntary solvent winding up of any LC Bank Material Subsidiaries), or the LC Bank ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent (i) on terms approved by an Extraordinary Resolution of the Bondholders or (ii) in the case of an LC Bank Material Subsidiary, whereby the undertaking and assets of the LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or
- (d) *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; or
- (e) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(B)(b) to 10(B)(d) (both inclusive).

In this Condition 10(B):

“**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 an LC Bank Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become an LC Bank Material Subsidiary and the transferor shall cease to be an LC Bank Material Subsidiary on completion of such transfer;



“**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; and

“**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 (x) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which 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) and which is issued outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (y) 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 ten 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 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 and the 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 accordance with Condition 17, 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.

## **13 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE**

### **(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 of the 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 requested in writing to do so by Bondholders holding not less than ten per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, 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 (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount 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 16 or modification pursuant to Condition 13(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 (at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast) 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 Bondholders of not less than 90 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, in each case, 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 or by Electronic Consent will be binding on all Bondholders whether or not they participated in such resolution.

**(b) Modification, Waiver and Authorisation**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit 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 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 Agency Agreement and/or the Standby Letter of Credit 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 securities pursuant to Condition 16 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, to the Bondholders as soon as practicable thereafter in accordance with Condition 17. The Trustee may request and conclusively rely upon certificate signed by an Authorised Signatory and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and/or amendment.

**(c) Entitlement of the Trustee**

In connection with the performance and exercise of its functions, rights, powers, authorities and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class and 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, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

## **14 ENFORCEMENT**

The Trustee may, at its absolute discretion and without further notice, (i) at any time after the Bonds become due and payable, take such steps and/or actions and/or institute such 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 (as the case may be) and, where appropriate, to draw down on and enforce the Standby Letter of Credit, and/or (ii) take action (including legal action) to protect or preserve the rights and interests of the Bondholders, 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 indemnified and/or secured and/or pre-funded to its satisfaction. No Holder 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.

## **15 INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking any steps and/or actions and/or instituting any proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or these Conditions and/or in respect of the Bonds and/or from taking other steps and/or actions and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of Bondholders. The Trustee and its parent, subsidiaries and affiliates are entitled (i) to 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, and to act as trustee for the holders of any other securities issued by or relating to, the Issuer, the LC Bank and/or any entity related to the Issuer and/or the LC Bank; (ii) to exercise and enforce its rights, comply with its obligations and perform its 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 (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

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

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 or by law to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from

taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution or clarification of any directions, and the Trustee shall be entitled to rely conclusively on any such direction or clarification and shall not be responsible or liable 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 taking such action, making such decision or giving such direction or certification where the Trustee is seeking such direction or clarification of any directions from the Bondholders or in the event that the instructions, directions or clarifications sought are not provided by the Bondholders. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with any instructions, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, instruction, request or resolution of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).

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

None of the Trustee or any of the Agents shall have any obligation to monitor or take any steps to ascertain compliance with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions or whether an Event of Default, a Potential Event of Default, a Relevant Event, a Pre-funding Failure or any event which could lead to the occurrence of a Relevant Event, an Event of Default or a Potential Event of Default has occurred and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries and the LC Bank, and the Trustee shall not at any time have any responsibility for the same and no Bondholder shall rely on the Trustee in respect thereof.

## **16 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 complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and the Foreign Debt Registration and the relevant notifications to the Trustee and Holders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, provided that such further bonds may only be issued if (i) 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 one interest payment due on such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further bonds) and (ii) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

References in these Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 16 and consolidated and forming a single series with the Bonds. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit.

Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

## **17 NOTICES**

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

*So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of the Operator, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to the CMU for communication to each relevant accountholder in substitution for notification as required by these Conditions. Any such notice shall be deemed to have been given to the Bondholders on the second business day after such notice is delivered to 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.*

## **18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds, the Trust Deed or the Standby Letter of Credit (save as specifically set out therein) 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 14.

## **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. 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 constitute a discharge to 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 any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 19, it will be sufficient for the Trustee or the Bondholder, as the case may be, 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 other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

## **20 GOVERNING LAW AND JURISDICTION**

### **(a) Governing Law**

The Trust Deed, the Agency Agreement, the Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **(b) Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement 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 and the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed and the Agency Agreement irrevocably submitted to the 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. The LC Bank has, in the Standby Letter of Credit, irrevocably submitted to the jurisdiction of such courts.

### **(c) Agent for Service of Process**

The Issuer irrevocably appoints The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its agent in Hong Kong for service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such process agent (whether or not forwarded to and received by the Issuer). If for any reason The Law Debenture Corporation (H.K.) Limited ceases to be such an agent for service of process, the Issuer shall promptly appoint a new agent in Hong Kong to accept service of process on its behalf, notify the Trustee and the Bondholders (in accordance with Condition 17) of that appointment and deliver to the Trustee a copy of the new agent's acceptance 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.

### **(d) Waiver of Immunity**

The Issuer has waived any right to claim sovereign, crown, state 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 contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions as set out in this Offering Circular.*

*Terms defined in the Conditions set out in this Offering Circular have the meaning in the paragraph below.*

*Upon issue, the Bonds will be initially evidenced by the Global Certificate registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as the Operator of the CMU.*

So long as the Bonds are evidenced by the Global Certificate, the Issuer will, for value received, promises to pay such principal, interest and premium (if any) on the Bonds to the registered holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to receive individual definitive Bond 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 through which the Bonds are held (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant 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 Bondholder’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.

### PAYMENT

For so long as any of the Bonds are evidenced by the Global Certificate, the CMU Lodging and Paying Agent will make payments of interest, premium or principal to the Operator, who will make payment to the CMU participants for whose account a relevant interest in the Global Certificate is credited as shown in the record of the Operator at the close of business of the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business. Such payment will discharge the Issuer’s obligations in respect of that payment. 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.

### NOTICES

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of the Operator, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to the CMU for communication to each relevant accountholder in substitution for notification as required by the Conditions. 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.

### BONDHOLDERS’ REDEMPTION

The Bondholders’ redemption option in Condition 7(c) (*Redemption for Relevant Events*) may be exercised by the entitled accountholder 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 specified in the Conditions.

## **ISSUER'S REDEMPTION**

The option of the Issuer provided for in Condition 7(b) (*Redemption for Taxation Reasons*) 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 Conditions.

## **TRANSFERS**

Transfers of interests in the Bonds evidenced 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 evidenced by the Global Certificate by the Issuer following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

## **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 and sub-acountholders (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 and sub-acountholders 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 it has been authenticated for and on behalf of the Registrar.



## **USE OF PROCEEDS**

The gross proceeds from the offering of the Bonds will be CNY369,680,000. After deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, the net proceeds will be used for working capital replenishment.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2022 (i) on an actual basis and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

The information below should be read in conjunction with the Audited Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 31 December 2022	
	Actual	As adjusted
	(RMB in millions)	
<b>Current indebtedness:</b>		
Short-term loans . . . . .	3,332.0	3,332.0
Non-current liabilities due within one year . . . . .	21,009.5	21,009.5
<b>Total current indebtedness . . . . .</b>	<b>24,341.5</b>	<b>24,341.5</b>
<b>Non-current indebtedness:</b>		
Long term loans . . . . .	14,675.1	14,675.1
Bonds payables . . . . .	25,309.9	25,309.9
Other long-term payables (interest-bearing portion) . . . . .	4,614.8	4,614.8
Bonds to be issued <sup>(1)</sup> . . . . .	–	369.7
<b>Total non-current indebtedness . . . . .</b>	<b>44,599.8</b>	<b>44,969.5</b>
<b>Total indebtedness<sup>(2)</sup> . . . . .</b>	<b>68,941.3</b>	<b>69,311.0</b>
<b>Total equity . . . . .</b>	<b>51,373.6</b>	<b>51,373.6</b>
<b>Total capitalisation<sup>(3)</sup> . . . . .</b>	<b>120,314.9</b>	<b>120,684.6</b>

*Notes:*

- (1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the 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 owner's equity.

The Group may, from time to time, enter into bank loans and other financing arrangements and issue debt securities in the capital market in the ordinary course of business to finance its operations and to finance existing debt. For instance, on 22 November 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB1,155.0 million with a tenor of one year and a fixed annual interest rate of 3.22 per cent. On 20 October 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.5 billion with a tenor of three years and a fixed annual interest rate of 4.43 per cent. On 19 October 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB420.0 million with a tenor of two years and a fixed annual interest rate of 4.75 per cent. On 16 October 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.5 per cent. On 22 September 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.8 per cent. On 1 September 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.79 per cent. On 29 August 2023, the Company issued private placement notes in aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.72 per cent. On 23 August 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.8 per cent. On 22 August 2023, the Company issued corporate bonds

through private placement in an aggregate principal amount of RMB380.0 million with a tenor of three years and a fixed annual interest rate of 4.46 per cent. On the same date, the Company issued private placement notes in an aggregated principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.97 per cent. On 16 August 2023, the Company issued private placement notes in an aggregated principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.6 per cent. On 11 August 2023, the Company issued private placement notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.99 per cent. On the same date, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.0 per cent. On 17 July 2023, the Company issued mid-term notes in an aggregate principal amount of RMB200.0 million with a tenor of three years and a fixed annual interest rate of 5.78 per cent. On 11 July 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB400.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. On 25 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with tenor of three years and a fixed annual interest rate of 5.8 per cent. On 16 June 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB600.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. On 1 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate 5.16 per cent. On 6 May 2023, the Company issued mid-term notes in an aggregate principal amount of RMB800.0 million with a tenor of three years and a fixed annual interest rate of 4.85 per cent. On 21 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. On 19 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.97 per cent. On 17 April 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.3 billion with a tenor of five years and a fixed annual interest rate of 5.08 per cent. On 6 April 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 5.0 per cent. On 3 March 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of one year and a fixed annual interest rate of 5.18 per cent. On 21 February 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.45 per cent. On 11 January 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.0 billion with a tenor of seven years and a fixed annual interest rate of 4.6 per cent.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation or indebtedness of the Issuer since 31 December 2022.

## 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 Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers 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 Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, employees, agents, representatives, officers 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 have the benefit of the Irrevocable Standby Letter of Credit which will be issued by Postal Savings Bank of China Co., Ltd. Huangshi Branch as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by the Bank, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Irrevocable Standby Letter of Credit, the Bank would have an obligation to satisfy the balance of the obligations under the Irrevocable Standby Letter of Credit.*

### OVERVIEW

With approximately 40,000 outlets and services covering over 650 million personal customers, the Bank leverages its advantage of unique model featuring directly-operated outlets and agency outlets to serve Sannong customers, urban and rural residents and small and medium enterprises. It has shown its superior asset quality and significant development potential, and is a leading retail bank in China.

The Bank is committed to serving the real economy, actively implementing the national development strategy and supporting the development of the modern economic system of China, and strives for sustainable development. The Bank adheres to the customer-centric philosophy and has established a financial service system where online and offline services connect with each other for joint development, providing our customers with quality, convenient and efficient integrated financial services. It adheres to the risk-based approach, continuously improves the development of the comprehensive risk management system featuring “all aspects, whole process and entire staff”, and maintains good asset quality. It stays committed to its mission of “covering both urban and rural areas and delivering services to the broad public” by providing inclusive financial services; embraces the trend of residents’ wealth growth and consumption upgrade and develops wealth finance; supports the country’s industrial structural transformation and upgrade by developing industry finance; and implements major plans for peaking carbon dioxide emissions and achieving carbon neutrality to develop green finance. The Bank aims to empower high-quality development via financial technology and build a digital ecology bank serving the new urbanisation and rural revitalisation strategy.

After 16 years of dedicated efforts, the Bank has been playing an increasingly important role in the market with marked influence. It has been rated “A+” and “A1” by Fitch and Moody’s Investors Service respectively, which are the same as China’s sovereignty credit rating. It has been rated “A”, “AAAspc” and “AAA” with a stable outlook by S&P Global Ratings, S&P Global (China) Ratings and CCXI, respectively.

The Bank has won numerous awards over the years, including:

- Ranked 13th in the “Top 1000 World Banks” in terms of tier 1 capital by the Banker 2022
- Ranked 30th in the “Global 2000 — the World’s 2000 Largest Public Companies” by Forbes in 2022

- “National Green Data Center of 2020” by Ministry of Industry and Information Technology, NDRC, Ministry of Commerce, National Government Offices Administration, CBRIC, and National Energy Administration in 2020
- “Bank Technology Development Award” by the People’s Bank of China in 2020
- “Excellent Organizer in Joint Financial Literacy and Education Campaign” by China Banking and Insurance Regulatory Commission Financial Rights Protection Bureau in 2020
- “Comprehensive Market Maker with Biggest Progress” by China Foreign Exchange Trade System in 2020
- “Best Foreign Currency Trading Member” by China Foreign Exchange Trade System in 2020
- “Excellent Money Market Dealer” by National Interbank Funding Center in 2020
- “Best Achievements in Inclusive Finance” by China Banking Association in 2020
- “Outstanding Organization in the Publicity Campaign of Financial Knowledge on Preventing Gambling and Anti-Gambling” by Payment & Clearing Association of China in 2020
- “Excellent Underwriter of China Bond Green Bond Index Sample Bond” by China Central Depository & Clearing Co., Ltd. in 2020
- “Excellent Award for Dedicated Customer Services” by China UnionPay in 2020
- “Listed Company with the Best CSR Reputation” by China Securities Golden Bauhinia Awards Committee in 2020
- “Excellent Financial Service of the Year” by Organizing Committee of China International Financial Exhibition in 2020
- “Recommended Donation Enterprise” by Organizing Committee of Internet Good Summit in 2020
- “Best Retail Bank” by Global Finance in 2020
- “Top Ten Financial Innovation Institution for Inclusive Finance” by Hong Kong Commercial Daily in 2020
- “Special Contribution Award for Fighting Covid-19 in China’s Financial Industry” by Hong Kong Commercial Daily in 2020
- “Best Development Award” by China Banking in 2020
- “Top Ten Fintech Innovation Award” by the Chinese Banker in 2020
- “Best Bank for Poverty Alleviation of the Year” by Financial Times in 2020
- “The Gamma Award Best Bank of China 2020” by Securities Times in 2020
- “Excellent Risk Control Award of the Year” by Caijing Magazine in 2020
- “Asian Excellent Commercial Bank of the Year” by 21st Century Business Herald in 2020

- “Technology Bank of the Year” by 21st Century Business Herald in 2020
- “Excellent Chinese Bank of the Year” by the Economic Observer in 2020
- “Innovation Award for Micro and Small Business Services of the Year” by China Business News in 2020
- “Financial Technology Progress Award of the Year” by National Business Daily in 2020
- “State-owned Commercial Bank with Excellent Competitiveness” by China Business Journal in 2020
- “Digital Operation Bank of the Year” by China Times in 2020
- “Bank of the Year for Ensuring Stability on Six Key Fronts and Maintaining Security in Six Key Areas” by China Times in 2020
- “Best Sannong Financial Service Award of the Year” by The Beijing Times in 2020
- “Pioneer Organization on Targeted Poverty Alleviation” by China.com.cn in 2020
- “Financial Institution of the Year” by The Paper in 2020
- “Green Finance of the Year” by The Paper in 2020
- “Best Responsible Institution” by Sina Finance in 2020
- “Outstanding Asset Custody Bank Award” by JRJ.com in 2020
- “Excellent Financial Institution of the Year” by Hexun.com in 2020

## **BUSINESS OVERVIEW**

The Bank’s principal businesses include personal banking and corporate banking.

### **Personal Banking**

Personal banking is the Bank’s strategic core business for building it into a first-tier large retail bank. In adherence to the business strategy featuring retail banking as the key driver with coordinated development of wholesale banking, the Bank continues to grow in size and optimise the business structure while constantly improving customer experience so as to strengthen its leading position in the market and give full play to its strengthen its leading position in the retail banking business.

### ***Retail Banking Business***

The Bank has fully leveraged its advantage in resources to focus on comprehensive services to individual customers. It makes full use of technology and data, developed targeted marketing tools based on scenarios to reach its customer online and offline in all aspects, and boosted customer engagement. By utilising big data, the Bank consolidates its customer base, enriched the tagging system and empowered the targeted marketing by branches and sub-branches with the CRM platform to increase the assets of existing individual customers. By product portfolio design, differentiated customisation and customer benefits package assignment, the Bank upgrades the customer service system and continuously enhances its capability to retain and expand customers. The Bank provides integrated comprehensive financial

services including personal deposit services, credit card services, and personal settlement services to approximately 650 million customers through all channels.

### ***Wealth Management***

The Bank advances the building of its wealth management system with the objectives of “exclusive products and services, professional personnel, specialised IT system and proprietary service channels”. Capturing the opportunity of wealth growth among residents and focusing on the high-net-worth customers, the Bank improves the professional competence of its team, optimised asset allocation, launched differentiated products, diversified benefit services, consolidated investment research, and promoted the upgrading of its wealth management business. In light of the comprehensive financial needs of individual, family and enterprise customers, the Bank takes retail banking as the mainstay and coordinated the resources and capabilities of corporate banking and asset management sectors to form a financial service ecosystem that met the comprehensive wealth management needs of a wider range of customers.

### ***Retail Credit***

With consumer credit and personal micro loans as pillars, the Bank fully grasps the development trend of new retail transformation, takes digital transformation as the driving force, and continuously improves its service capacity and customer experience by expanding customer acquisition channels, improving online and offline service capacity, and promoting intelligent and efficient operation.

Building on consumption upgrading and digital transformation, the Bank presses ahead with the high-quality transformation and development of consumer credit business. In addition, the advancement of financial technology has strongly bolstered the innovation of micro loan service models, better met customers’ needs for efficient, convenient and precise financing, and continuously improved the availability and coverage of micro loans.

### ***Credit Card Business***

The credit card business is a core component of the Bank’s retail banking strategy, which is attached with top priority. The Bank actively builds customer acquisition channels including outlets, sales teams, coordination with China Post Group and online channels to enrich sources of customer acquisition. It intensifies cross-marketing among its existing customers, comprehensively optimises the cross-marketing whitelist, consolidates the retail customer base across the Bank, supports marketing in outlets and has effectively alleviated the impact of deteriorating customer acquisition during the epidemic.

### ***Corporate Banking***

Corporate banking is an important support and foundation for the Bank’s business development. The Bank continuously transforms its corporate banking business to a development path featuring low cost, light capital and unique characteristics. The Bank has implemented the retail banking strategy, focused on rural revitalisation, built a complete tiered service system and realised the full coverage of small, medium and large-sized customers. It proactively advances digital transformation and vigorously develops green finance. It works to create a comprehensive business model around the industrial chain clusters, and speeds up to shape a three-dimensional development pattern with more potential in business expansion, stronger innovation drive, more prominent synergy effect, and solid basic capability. All these efforts have contributed to a high-quality breakthrough in the development of the corporate banking business.

### ***Corporate Loans***

The Bank provides corporate customers with working capital loan, fixed asset loan, trade finance, corporate loans for small-sized enterprises and other corporate loan products. Seizing opportunities

arising from the country's major strategies and leveraging its advantage in resources, the Bank has increased support for strategic regions such as Yangtze River Delta, Yangtze River Economic Belt, Beijing-Tianjin-Hebei Region, and Guangdong, Hong Kong-Macao Great Bay Area. The Bank also continues to increase financial support for key industries, effectively improves its quality and efficiency in serving the real economy based on market demands, and actively supports the manufacturing sector, new infrastructure and new urbanisation initiatives and major projects, rural revitalisation, green credit, private enterprises and other fields. The Bank keeps improving the ability of strategic customer management. It explores and grants more credit to high-quality member units, and supports major strategy-related enterprises by establishing in-depth cooperation with them.

### ***Corporate Deposits***

The Bank provides time and demand deposit services in Renminbi and other major foreign currencies to corporate customers. It focuses on "Ten Initiatives" of corporate deposits, revolves around major customer groups of enterprises, government authorities and administrative institutions, and strengthens the collaboration with China Post Group and interconnection among business lines to enhance its comprehensive service capacity. In addition, the Bank has built a comprehensive interest rate management model to further promote the high-quality development of corporate deposits. The Bank continuously promotes the special campaign to consolidate the fundamentals and improve performance of institutional business. It pays close attention to key clients such as finance, social security, medical care, medical insurance and pharmaceutical industry, as well as military, and seized opportunities from key projects such as rural revitalisation and medical insurance E-certificate, strengthening the foundation of institutional business. Through such multiple measures, the Bank has achieved significant growth in the number of institutional business licences, the number of newly opened accounts and the amount of institutional deposits.

### ***Corporate Wealth Management***

Relying on a huge amount of funds and a wide range of outlets, the Bank has built a specialised and comprehensive corporate wealth management system based on customer needs, and employed technology to achieve a chain of wealth management services in all respects, thereby enhancing its customer management capabilities. The Bank creates a new ecosystem for corporate wealth management. It vigorously develops the three drivers for corporate wealth management business, i.e., agency business and agency sales, financing and introduction of intellectual support, and account settlement. Seizing the preemptive opportunities in marketing, the Bank has also fully explored the potential markets for corporate wealth management and corporate insurance, ensured the smooth matching between funds and assets, and built a smart settlement service system. The Bank has expanded product channels, paid close attention to the timing of market reshuffle, and realised professional corporate wealth management product management. It designs product settlement or service packages aligned with customer needs, diversifies products arising from capital market, M&A and restructuring as well as portfolio financing, and provides customers with a package of wealth management services with the aim of maintaining and increasing the value of customers' wealth, thus making the corporate wealth management business more systematic and targeted. The Bank has established a more specialised team and brought the account manager team to a more professional level. It continues to carry out training on special products, strengthens the practice of corporate customer wealth management service plan, thereby creating a result-oriented wealth management team getting prepared for both promotion and demotion. The Bank has built a complete system for corporate wealth management platforms.

### ***Transaction Banking***

In terms of transaction banking, the Bank focuses on the transformation towards online and intelligent operation, and provides customers with comprehensive financial services such as account, payment and settlement, liquidity management, investment and financing services. Focusing on core enterprises in the



industrial chain such as the transportation and high-end manufacturing enterprises, the Bank provides financing services to more than 10,000 upstream and downstream suppliers and distributors, and the balance of supply chain finance exceeded RMB100 billion in 2022.

### ***Investment Banking***

The Bank continues to focus on the investment banking businesses of bond underwriting, syndicated loans, M&A finance, financial advisory, asset securitisation and so on, and plays an active role in improving the comprehensive financial service capabilities of corporate banking, increasing intermediary business income, and supporting the reform and transformation of the Bank. In terms of bond underwriting, the Bank has fully leveraged the coordination advantages throughout its corporate group, and vigorously promoted the underwriting of various bonds. The Bank actively promotes green finance, and has successfully launched the first ultra-short-term carbon neutrality bond in the market. It effectively promotes the start of the nonperforming asset securitisation business, and has introduced its first credit card non-performing-asset-backed securities. In addition, the Bank has deepened its efforts to serve the rural revitalisation strategy and reserved a number of underwriting projects such as rural revitalisation bonds. Secondly, in terms of syndicated loan, the Bank has been actively serving the real economy, continuing business innovation, and increasing the contribution of syndicated loans to the fee income.

## **FINANCIAL INFORMATION**

Copies of the latest annual and interim reports of the Bank, as well as its public filings, can be downloaded free of charge from the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank on the internet at [www.sse.com.cn](http://www.sse.com.cn), [www.hkex.com.hk](http://www.hkex.com.hk) and [www.psbc.com/cn/](http://www.psbc.com/cn/), respectively. The financial statements of the Bank are not included in and do not form part of this Offering Circular. The information contained on the websites of the Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank is subject to change from time to time. No representation is made by the Issuer, the Group, 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 Group, 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 websites of the Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank.

## **GENERAL INFORMATION**

The Bank's registered office is located at No. 3 Financial Street, Xicheng District, Beijing. The Bank's website address is <https://www.psbc.com/cn/>. Information contained on the Bank's website is subject to change from time to time. No representation is made by the Issuer, the Group, 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 Group, 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 Bank's website.

Copies of the latest annual and interim reports of the Bank, as well as its public filings, can be downloaded free of charge from the website of the Hong Kong Stock Exchange on the internet at [www.hkex.com.hk](http://www.hkex.com.hk).

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is the primary and largest investment and financing platform for infrastructure construction in Huangshi. Since its incorporation in 2012, the Company has been directly and wholly-owned by the Huangshi SASAC. As the key facilitator of the Huangshi Municipal Government's plan for infrastructure construction and citizens' livelihood improvement, the Group has received strong operational and financial support from the Huangshi Municipality Finance Bureau and the Huangshi Municipal Government. Leveraging its strategic role in developing the Huangshi Municipality and the strong governmental support it has continuously received, the Group has established itself as an eminent driving force in the urbanisation of Huangshi.

As at 31 December 2022, the Group had total assets of RMB131,687.2 million and total liabilities of RMB80,313.6 million with a liability-asset ratio of 61.0 per cent. For the years ended 31 December 2020, 2021 and 2022, the Group's total operating income was RMB4,767.9 million, RMB5,782.8 million and RMB5,955.4 million, respectively, and its operating profit was RMB637.1 million, RMB921.9 million and RMB732.3 million, respectively.

The Group's operations and investment primarily focus on five major business segments: (i) infrastructure construction, (ii) primary land development, (iii) medical services, (iv) public transportation and (v) water supply, water treatment and water facilities installation. Set forth below is an overview of the major business segments of the Group:

- *Infrastructure Construction:* Infrastructure Construction has been the Group's core business since its establishment and the Group is the primary entity carrying out infrastructure construction in Huangshi. The Group's infrastructure construction business primarily includes infrastructure construction and shantytown and/or old city renovation. The Group is commissioned by Huangshi Municipal Government to carry out urban infrastructure construction, mainly including urban road renovation and expansion, road construction, urban pipe network renovation, sewage treatment infrastructure construction. The Group also undertakes shantytown renovation projects and old city renovation projects in Huangshi. The Group's infrastructure business is mainly carried out under the agency construction business model through three subsidiaries, namely Huangshi Newport, Huangshi City Development and Cihu Gaoxin. As at 31 March 2023, the Group had completed 15 infrastructure construction projects with a total investment amount of RMB8,647.0 million. As at 31 March 2023, the Group had 16 infrastructure construction projects under construction with estimated total investment amount of approximately RMB18,390.0 million, of which approximately RMB14,462.0 million had been invested, and 11 infrastructure construction projects planned for future development with estimated total investment amount of approximately RMB11,788.0 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's infrastructure construction business was RMB2,106.7 million, RMB1,820.8 million and RMB2,161.9 million, representing 44.2 per cent., 31.5 per cent. and 36.3 per cent. of its total operating income for the same periods, respectively.
- *Primary Land Development:* The Group is one of the entities designated by the Huangshi Municipal Government to conduct primary land development in Huangshi. The Group engages in the primary land development business mainly through two of its subsidiaries: Huangshi City Development and Cihu Gaoxin. The Group's operating income from its primary land development business derives from the primary land development fees paid by the relevant government entities, which are generated from the grant of land use rights of the land developed to real estate developers. As at 31 December 2022, the Group has undertaken and completed over a hundred primary land development projects in Huangshi with a total investment amount of RMB277.0 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from

the Group's primary land development business was RMB501.1 million, RMB755.3 million and RMB930.8 million, respectively, representing 10.5 per cent., 13.1 per cent. and 15.6 per cent. of its total operating income for the same periods, respectively.

- *Medical Services:* The Group's medical services business is operated and managed through its subsidiary, East HB Medical Care. Established in 2016, East HB Medical Care is the leading state-owned medical service provider in Huangshi. As at 31 December 2022, the Group, through East HB Medical Care, manages and operates four hospitals, 13 community rehabilitation and nursing centres and four health service centres with more than 2,000 medical and nursing beds, four provisional key clinical departments and 12 municipal key clinical departments. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's medical services business was RMB442.5 million, RMB509.5 million and RMB526.3 million, respectively, representing 9.3 per cent., 8.8 per cent. and 8.8 per cent. of its total operating income for the same periods, respectively.
- *Public Transportation:* The Group's public transportation business is operated and managed through its subsidiary, Huangshi City Bus and mainly include public transportation, advertisement and driver training businesses. As at 31 December 2022, Huangshi City Bus was the largest public transportation operator in Huangshi. As at 31 December 2022, the Group operated 47 bus routes in Huangshi with a fleet of approximately 695 buses, representing approximately 70.0 per cent. of the total bus routes and 70.0 per cent. of the buses in operation in Huangshi, respectively. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's public transportation business was RMB98.4 million, RMB138.2 million and RMB136.9 million, respectively, representing 2.1 per cent., 2.4 per cent. and 2.3 per cent. of its total operating income for the same periods, respectively.
- *Water Supply, Water Treatment and Water Facilities Installation:* As one of the key water operation entities in Huangshi, the Group engages water supply, water treatment and water facilities installation businesses, which are operated through three subsidiaries: Huangshi Watersupply, Huangshi Water Construction and Huangshi Sewage Treatment. The Group's water supply business involves the collection of raw water, treatment of raw water to produce tap water and distribution and sale of tap water to end users. The Group's water treatment business involves the treatment of substantially all the domestic sewage in the urban area of Huangshi. The Group's water facilities installation business involves the maintenance of water pipe network and replacement of water meters. As at 31 December 2022, the Group's water supply business had designed daily water supply capacity of 480,000 tons, actual daily water supply capacity of 300,000 tons and covered an area of approximately 391.8 sq.km. and approximately 1.13 million people. For the year ended 31 December 2022, the water supplied by the Group is 131,620,100 tons and the amount of water sold by the Group is 94,037,000 tons. As at 31 December 2022, the Group's daily water treatment capacity reached 75,000 tons, the daily reclaimed water treatment capacity reached 400 tons and the sewage network reached 40 km. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply, water treatment and water facilities installation business was RMB154.8 million, RMB222.1 million and RMB199.0 million, respectively, representing 3.2 per cent., 3.8 per cent. and 3.3 per cent. of its total operating income for the same periods, respectively. The Group discontinued its water facilities installation business in 2022 and no longer recognised operating income from the year ended 31 December 2022.

## RECENT DEVELOPMENT

### Interim Results as at and for the Nine Months Ended 30 September 2023

For the nine months ended 30 September 2023, compared to the same period in the preceding year, the Group's operating costs increased, primarily attributable to the Group's business expansion; the Group's general and administrative expenses increased, primarily attributable to an increase in remuneration for management personnel and office expenses; the Group's other income decreased, primarily attributable to a decrease in government subsidies received; the Group's investment income decreased, primarily attributable to a decrease in investment income from disposal of other equity instrument.

As at 30 September 2023, compared to that as at 31 December 2022, the Group's notes payable increased, primarily attributable to an increase in commercial promissory notes issued by the Company; the Group's accounts payable increased, primarily attributable to the increase in the Company's outstanding payments related to the development of its business; the Group's contract liabilities increased, primarily attributable to the increase in the Company's sales receipts received in advance; the Group's taxes and surcharges payable increased, primarily attributable to the increase in VAT and other taxes payable resulting from the increase in the Group's operating income; the Group's other payables increased in line with its business growth; the Group's long-term loan increased, primarily attributable to new facility agreements the Group entered into with certain banks; the Group's bonds payable increased, primarily attributable to increased issuance of onshore bonds; the Group's other long-term payables, primarily attributable to the increase in new finance lease payments and special payables.

Such financial information has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such financial information to evaluate the Group's financial condition and results of operations. The financial information as at and for the nine months ended 30 September 2023 does not form a part of this Offering Circular and should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ending 31 December 2023. See "*Risk Factors — General Risks Relating to the Group and Its Businesses — Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

### Issuance of Onshore Debt Securities

On 22 November 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB1,155.0 million with a tenor of one year and a fixed annual interest rate of 3.22 per cent. (the "**22 November Bonds**"). On 20 October 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.5 billion with a tenor of three years and a fixed annual interest rate of 4.43 per cent. (the "**20 October MTN**"). On 19 October 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB420.0 million with a tenor of two years and a fixed annual interest rate of 4.75 per cent. (the "**19 October Bonds**"). On 16 October 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.5 per cent. (the "**16 October Papers**"). On 22 September 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.8 per cent. (the "**22 September MTN**"). On 1 September 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.79 per cent. (the "**1 September Papers**"). On 29 August 2023, the Company issued private placement notes in aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.72 per cent. (the "**29 August PPN**"). On 23 August 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 3.8 per cent. (the "**23 August Papers**"). On 22 August 2023, the Company issued corporate bonds through private

placement in an aggregate principal amount of RMB380.0 million with a tenor of three years and a fixed annual interest rate of 4.46 per cent. (the “**22 August Bonds**”). On the same date, the Company issued private placement notes in an aggregated principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 4.97 per cent. (the “**22 August PPN**”). On 16 August 2023, the Company issued private placement notes in an aggregated principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.6 per cent. (the “**16 August PPN**”). On 11 August 2023, the Company issued private placement notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate of 4.99 per cent. (the “**11 August PPN**”). On the same date, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.0 per cent. (the “**11 August Papers**”). On 17 July 2023, the Company issued mid-term notes in an aggregate principal amount of RMB200.0 million with a tenor of three years and a fixed annual interest rate of 5.78 per cent. (the “**17 July MTN**”). On 11 July 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB400.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**11 July Bonds**”). On 25 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with tenor of three years and a fixed annual interest rate of 5.8 per cent. (the “**25 June MTN**”). On 16 June 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB600.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**16 June PPN**”). On 1 June 2023, the Company issued mid-term notes in an aggregate principal amount of RMB500.0 million with a tenor of three years and a fixed annual interest rate 5.16 per cent. (the “**1 June MTN**”). On 6 May 2023, the Company issued mid-term notes in an aggregate principal amount of RMB800.0 million with a tenor of three years and a fixed annual interest rate of 4.85 per cent. (the “**6 May MTN**”). On 21 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of three years and a fixed annual interest rate of 5.08 per cent. (the “**21 April Bonds**”). On 19 April 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB500.0 million with a tenor of one year and a fixed annual interest rate of 4.97 per cent. (the “**19 April Bonds**”). On 17 April 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.3 billion with a tenor of five years and a fixed annual interest rate of 5.08 per cent. (the “**17 April Bonds**”). On 6 April 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1.0 billion with a tenor of three years and a fixed annual interest rate of 5.0 per cent. (the “**6 April MTN**”). On 3 March 2023, the Company issued corporate bonds through private placement in an aggregate principal amount of RMB700.0 million with a tenor of one year and a fixed annual interest rate of 5.18 per cent. (the “**3 March Bonds**”). On 21 February 2023, the Company issued commercial papers in an aggregate principal amount of RMB1.0 billion with a tenor of one year and a fixed annual interest rate of 4.45 per cent. (the “**21 February Papers**”). On 11 January 2023, the Company issued corporate bonds in an aggregate principal amount of RMB1.0 billion with a tenor of seven years and a fixed annual interest rate of 4.6 per cent. (the “**11 January Bonds**”). As at the date of this Offering Circular, the entire principal amount of the 22 November Bonds, the 20 October MTN, the 19 October Bonds, the 16 October Papers, the 22 September MTN, the 1 September Papers, the 29 August PPN, the 23 August Papers, the 22 August Bonds, the 22 August PPN, the 16 August PPN, the 11 August PPN, the 11 August Papers, the 17 July MTN, the 11 July Bonds, the 25 June MTN, the 16 June PPN, the 1 June MTN, the 6 May MTN, the 21 April Bonds, the 19 April Bonds, the 17 April Bonds, the 6 April MTN, the 3 March Bonds, the 21 February Papers and the 11 January Bonds remains outstanding.

## **COMPETITIVE STRENGTHS**

The Group believes the following competitive strengths distinguish it from its competitors and are important to its success and future development:

### **One of The Major Infrastructure Construction Platforms under the Huangshi Municipal Government**

The Group is a major infrastructure construction platform under the Huangshi Municipal Government. Since its establishment in 2012, the Group has played an important role in implementing the Huangshi

Municipal Government blueprint for infrastructure construction and regional development and has received strong support from the Huangshi Municipal Government. The Huangshi Municipal Government has implemented a variety of favourable policies for the sustainable development of the Group. The Group believes that its businesses and operations are of key strategic importance to the economic development and growth plans and objectives of the Huangshi Municipal Government, given the important role of public infrastructure in supporting economic growth and expansion in Huangshi. As at 31 December 2022, the Group had completed 15 infrastructure construction projects with a total investment amount of RMB8,647.0 million, spanning the construction of municipal engineering projects, transportation infrastructure projects and other infrastructure projects.

### **Strong Support of the Huangshi Municipal Government and the Huangshi SASAC**

As one of the major operating enterprises for carrying out the Huangshi Municipal Government's blueprints for infrastructure construction, the Group has received strong support from the Huangshi Municipal Government, which has been critical to its business operations. Government support received by the Group primarily includes:

- *Capital injections.* Since its establishment, the Group has received significant capital injections from the Huangshi Municipal Government. For example, in November 2015, the Huangshi SASAC increased the Company's registered capital from RMB100.0 million to RMB150.0 million, through injection of assets. See "*— History and Development*".
- *Government subsidies.* The Group also receives financial support from the Huangshi Municipal Government in the form of government grants and subsidies. For the years ended 31 December 2020, 2021 and 2022, aggregate fiscal subsidies granted by the Huangshi Municipal Government to the Group's subsidiary, Huangshi City Bus, amounted to approximately RMB55.8 million, RMB68.5 million and RMB34.5 million, respectively.
- *Operational support.* The Huangshi Municipal Government has granted the Group licences to operate certain public functioning businesses, including public transportation, water supply, water treatment, water facilities installation and others.

### **Diversified Business Portfolio and Asset Base to Provide Stable Return to the Group**

Since its establishment, the Group has developed a diversified business portfolio, focusing its operations and investment primarily on five distinct business segments, including: (i) infrastructure construction, (ii) primary land development, (iii) medical services, (iv) public transportation and (v) water supply, water treatment and water facilities installation. The Group's other businesses also provide stable revenue and cash flows to the Group. For details of the Group's business, see "*— Description of the Group*".

The Group's diversified business portfolio helps mitigate business concentration risks and the level of volatility in its overall earnings and financial position as a result of changes in industrial conditions, selling prices or costs within any one sector. Such diversification allows the Group to be less reliant on any single business segment and achieve more stable growth. The steady and diversified source of revenue and cash flows give the Group stability as well as flexibility in managing its operations.

### **Sufficient Capital from Diverse Financing Channels**

The Group has access to diverse financing channels to fund its existing operations and the development of new projects, including bank loans, financial leasing and the issuance of debt securities through the onshore capital markets. The Group has cultivated close and extensive relationships with a number of reputable commercial banks and other financial institutions in China, which have provided a solid foundation for obtaining low-cost capital for the Group. The Group has been exploring other

opportunities for low-cost capital to enhance its diversified financing channels. With its diverse sources of funding, the Group believes that it will continue to have access to sufficient capital to support its business operations and expansion. As at 31 December 2022, the Group had available credit facilities providing an aggregate of approximately RMB49,681.0 million, of which approximately RMB17,661.0 million had not been utilised.

### **Experienced Management Team with Sound Corporate Governance**

The Group's senior management team has extensive experience in various businesses of the Group including infrastructure construction, affordable housing construction and sale, public transportation and water supply, water treatment and water facilities installation. Many members of the Group's management team have previously served as senior officials within various government departments in Huangshi. The Group believes that its management team's extensive experience in a broad range of industries and strong execution capabilities will continue to be instrumental in executing its business strategies and capturing market opportunities as they arise, and contribute to the sustainable growth of the Group. For details of management of the Issuer, see "*Directors, Supervisors and Senior Management of the Issuer*".

In addition, each of the Group's businesses is led by professionals with extensive experience in the operation and management of companies in the relevant industries and are supported by a highly skilled and well-trained workforce. The Group has been able to maintain effective and efficient management and operational control over its key subsidiaries. The Group has adopted a commercially driven approach to managing its business operations while leveraging its established relationship with government authorities with a view to maximising its growth potential.

### **BUSINESS STRATEGIES**

The Group intends to implement the following strategies to achieve its business objectives:

#### **Continue to Expand its Business Operations in Huangshi under Diversified Business Model**

The Group was established with diverse business segments, including infrastructure construction, primary land development, medical service, public transportation, water supply, water treatment, water facilities installation and other businesses. The Group plans to continue diversifying its business operations in Huangshi by leveraging the national strategy which positions Huangshi as a key provincial transportation hub. The Group believes that it will benefit from the strategic location of Huangshi, and it expects to be able to seek more business opportunities arising from increased infrastructure and economic development as well as related commercial activities. The Group will continue to carry out the development of key infrastructure projects based on the Huangshi Municipal Government's blueprint for urban planning, construction and development.

The Group intends to leverage its close working relationships with the Huangshi Municipal Government with a view to undertaking major infrastructure construction and primary land development projects, which can further enhance its leading position in urban planning and construction in Huangshi.

#### **Adhere to a Prudent Financial Policy with Strict Risk Controls and Enhanced Financial Management**

The Group plans to adhere to a prudent financial policy with strict risk controls and enhanced financial management. The Group has established standardised financial management mechanisms to monitor capital efficiency and capital risk. On this basis, the Group will focus on achieving rapid but sustainable growth through enhanced budget management measures and improved facilitation of communication and interaction between business operations and financial management. The Group will also continue to

strengthen cooperation with banks, seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities and onshore and offshore debt.

### **Continue to Diversify the Group's Businesses and Increase Investment in Businesses that Synergise with the Group's Core Businesses**

While the Group will continue to focus on its main businesses, such as infrastructure construction, primary land development, medical service, public transportation, water supply, water treatment and water facilities installation, it also plans to further diversify the Group's business portfolio and develop new businesses that may create synergies with the Group's existing businesses. For instance, the Group has expanded project renovation business to capture opportunities brought on by its infrastructure construction projects. Furthermore, the Group also developed trading business in 2019, which had a significant contribution to the Group's operating revenue for the year ended 31 December 2020. The Group believes that the Group's diversified sources of revenue will contribute to a steady growth of the Group's operating revenues in the future.

### **Lower Funding Costs by Diversifying Financing Channels to Ensure Well-capitalised Growth**

The Group intends to take advantage of its status as the primary platform for infrastructure construction in Huangshi to optimise and attract diversified financing sources. As infrastructure construction is a capital-intensive business, the Group will balance its project development objectives with prudent funding objectives to ensure sustainable funding for its operations. The Group intends to diversify its funding sources through a variety of financing activities and channels, including bond issuances, project loans from banks and other financing ways. The Group continuously seeks to lower its funding cost and it closely monitors the cost of its direct and indirect financing.

### **Continue to Build a Professional Management Team and a Trained Workforce**

The Company believes that the Group's senior management team and the management teams of its various businesses have been instrumental to its overall success. The Group will continue to recruit well-educated and experienced personnel and carry out relevant training to its employees to ensure that the Group has the appropriate talent in place to grow its various businesses.

## **ORGANISATION STRUCTURE**

This organisational management structure helps the Group ensure efficiency and consistency in carrying out its strategic decisions. Under the Group's operational structure, different departments work closely with each other throughout all stages of business operation.

The Group has established specialised departments to supervise and manage major stages throughout its business. Divisions at the Group level include the Party Work Department, the Discipline Inspection and Supervision Department, the General Office, the Accounting Department, the Corporate Development Department, the Strategic Investment Department, the Project Management Department, the Financing Department, the Audit Department and the Land Management Department.

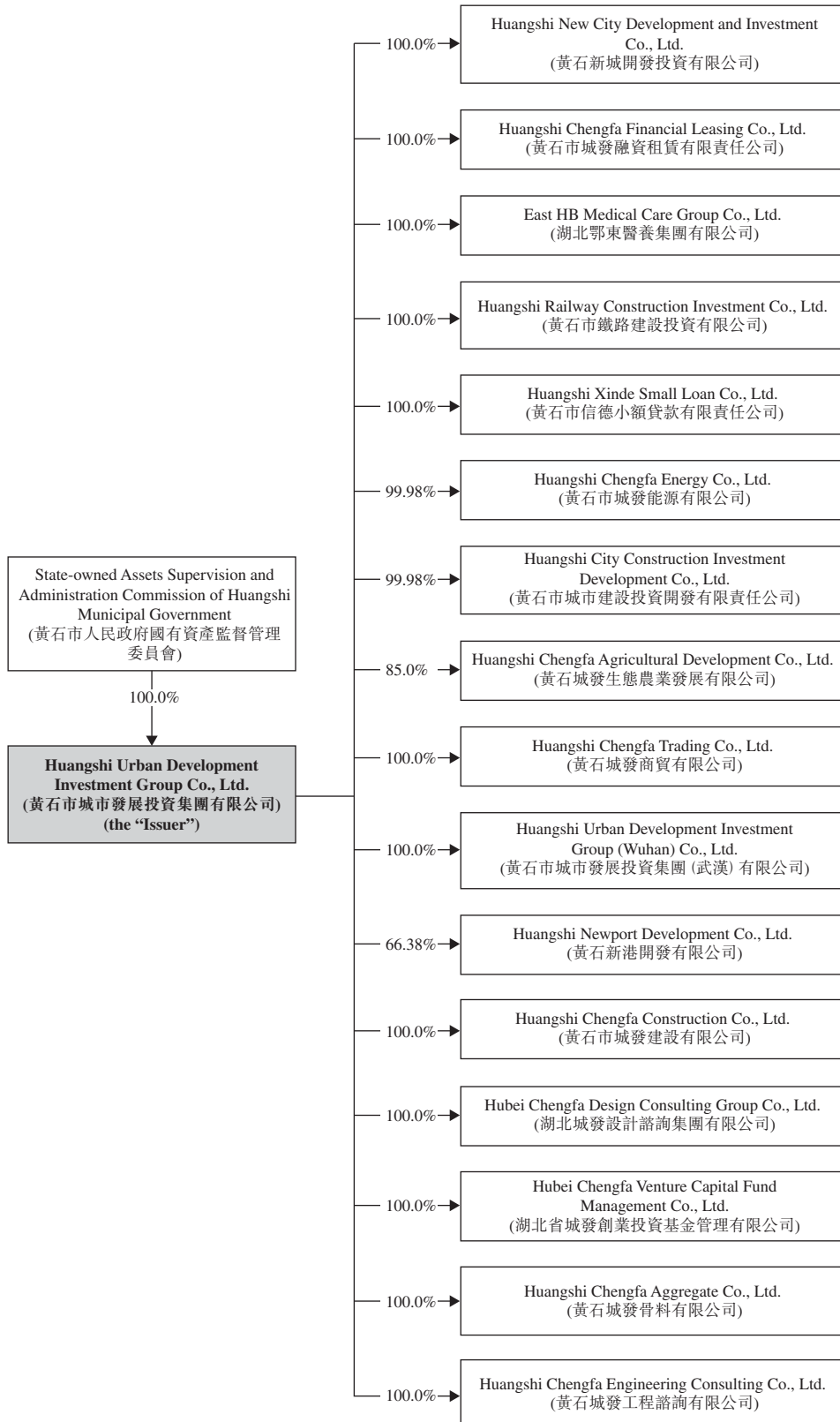
- The Party Work Department is primarily responsible for management of the Party members, employees and working units, publicity management, maintaining a united front work, organizing petitions and safeguarding the stability of the Group.
- The Discipline Inspection and Supervision Department is primarily responsible for inspecting and supervising the implementation of the Party's decision and principles.



- The General Office is primarily responsible for daily administrative work, including basic office services, file management and information management, and guiding and promoting the sustainable development of the Group.
- The Accounting Department is primarily responsible for establishing and implementing the Group's accounting system, producing financial reports, implementing the Group's financing plans, the reporting of taxes, researching the feasibility of potential projects and providing advice on capital needs, formulating financing plans and tax plans.
- The Corporate Development Department is primarily responsible for the formulation of the Group's medium and long-term development plan, annual projects and production and operation plans, the review of the development plan of the Group's subsidiaries and managing the Group's legal affairs.
- The Strategic Investment Department is primarily responsible for establishing the Group's strategic development plans, guiding development plans for business segments, establishing an evaluation and supervision system over the business segments, and undertaking the Group's investment management and capital operation.
- The Project Management Department is primarily responsible for organizing and implementing the project bidding process, reviewing project construction agreements, conducting project supervision, progress control, quality control, cost control, contract management, safety management.
- The Financing Department is primarily responsible for the implementation of financing plans, risk analysis of the market and for individual projects, forecasts of the Group's short-term and long-term capital needs, provision of financial analysis for the decision-making process of the Group and establishing solid financing support for the Group's strategic development plans.
- The Audit Department is primarily responsible for enhancing the internal control and auditing system, auditing the financial statements of the Group and selecting and coordinating with external independent auditors.
- The Land Management Department is primarily responsible for establishing and optimising the Group's land management system, including the management and operation of the Group's land and shantytown redevelopment projects and arranging for relocation of indigenous residents.

## CORPORATE STRUCTURE

The following table presents a simplified corporate structure of the Group as at the date of this Offering Circular:



## HISTORY AND DEVELOPMENT

The following sets forth key milestones in the business and corporate development of the Group since its initial establishment:

Year	Events
2012	In November 2012, the Issuer, originally named Huangshi Railway Investment Development Co., Ltd. (黃石市鐵路投資發展有限公司), was established by the Huangshi SASAC with an initial registered capital of RMB50.0 million.
2015	<p>In April 2015, according to the Reply to the Capital Increase of Huangshi Railway Investment Development Co., Ltd. (Huang Guo Zi Chan Quan [2014] No. 29) (關於對黃石市鐵路投資發展有限公司增資的批覆(黃國資產權[2014]29號)) issued by the Huangshi SASAC, the Issuer's registered capital was raised to RMB100.0 million.</p> <p>In November 2015, according to the Notice on Printing and Distributing the Formation Plan of Huangshi Urban Development Investment Group Co., Ltd. and the Formation Plan of Huangshi Cultural Tourism Investment and Development Co., Ltd. (Huang Zheng Ban Fa [2015] No. 27) (《關於印發黃石市城市發展投資集團公司組建方案和黃石市文化旅遊投資開發股份有限公司組建方案的通知》(黃政辦發[2015]27號)) issued by Huangshi Municipal Government, the Issuer's registered capital was raised to RMB150.0 million and its name was changed to Huangshi Urban Development Investment Co., Ltd. (黃石市城市發展投資有限公司).</p> <p>In December, the Issuer's name was changed from Huangshi Urban Development Investment Co., Ltd. to Huangshi Urban Development Investment Group Co., Ltd.</p>
2021	In May 2021, the Issuer issued RMB1 billion domestic mid-term notes of a term of three years.
2022	In October 2021, the Issuer issued RMB1 billion domestic mid-term notes of a term of three years.
2023	In January 2023, the Issuer issued RMB1 billion domestic corporate bonds of a term of seven years.

## DESCRIPTION OF THE GROUP'S BUSINESSES

### Overview

The Group is the primary and largest investment and financing platform for infrastructure construction in Huangshi. Since its incorporation in 2012, the Company has been directly and wholly-owned by the Huangshi SASAC. As the key facilitator of the Huangshi Municipal Government's plan for infrastructure construction and citizens' livelihood improvement, the Group has received strong operational and financial support from the Huangshi Municipality Finance Bureau and the Huangshi Municipal Government. Leveraging its strategic role in developing the Huangshi Municipality and the strong governmental support that continuously received, the Group has established itself as an eminent driving force in the urbanisation of Huangshi.

As at 31 December 2022, the Group had total assets of RMB131,687.2 million and total liabilities of RMB80,313.6 million with a liability-asset ratio of 61.0 per cent. For the years ended 31 December 2020, 2021 and 2022, the Group's total operating income was RMB4,767.9 million, RMB5,782.8 million and RMB5,955.4 million, respectively, and its operating profit was RMB637.1 million, RMB921.9 million, and RMB732.3 million, respectively.

The Group's operations and investment primarily focus on five major business segments: (i) infrastructure construction, (ii) primary land development, (iii) medical service, (iv) public transportation and (v) water supply, water treatment and water facilities installation. The Group also conducts other businesses such as project management, selling and leasing of properties, heat supply, advertisement and property services with an aim to create synergies with its primary businesses.

The following table sets forth a breakdown of operating income from each business segment of the Group for the periods indicated:

	For the years ended 31 December					
	2020		2021		2023	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions)		(RMB in millions)		(RMB in millions)	
Infrastructure construction . . . . .	2,106.7	44.2	1,820.8	31.5	2,161.9	36.3
Primary land development . . . . .	501.1	10.5	755.3	13.1	930.8	15.6
Medical services . . . . .	442.5	9.3	509.5	8.8	526.3	8.8
Public Transportation . . . . .	98.4	2.1	138.2	2.4	136.9	2.3
Water supply, water treatment and water facilities installation . . . . .	154.8	3.2	222.1	3.8	199.0	3.3
Other businesses <sup>(1)</sup> . . . . .	1,464.5	30.7	2,336.9	40.4	2,000.6	33.6
<b>Total</b> . . . . .	<b>4,767.9</b>	<b>100.0</b>	<b>5,782.8</b>	<b>100.0</b>	<b>5,955.4</b>	<b>100.0</b>

Note:

(1) Consists of project management, selling and leasing of properties, heat supply, advertisement, and property services.

## Infrastructure Construction

### Overview

Infrastructure Construction has been the Group's core business since its establishment and the Group is the primary entity carrying out infrastructure construction in Huangshi. The Group's infrastructure construction business primarily includes infrastructure construction and shantytown and/or old city renovation. The Group is commissioned by Huangshi Municipal Government to carry out urban infrastructure construction, mainly including urban road renovation and expansion, road construction, urban pipe network renovation, sewage treatment infrastructure construction. The Group also undertakes shantytown renovation projects and old city renovation projects in Huangshi. The Group's infrastructure business is mainly carried out under the agency construction business model through three subsidiaries, namely Huangshi Newport, Huangshi City Development and Cihu Gaoxin. As at 31 March 2023, the Group had completed 15 infrastructure construction projects with a total investment amount of RMB8,647.0 million. As at 31 March 2023, the Group had 16 infrastructure construction projects under construction with estimated total investment amount of approximately RMB18,390.0 million, of which approximately RMB14,462.0 million had been invested, and 11 infrastructure construction projects planned for future development with estimated total investment amount of approximately RMB11,788.0 million.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's infrastructure construction business was RMB2,106.7 million, RMB1,820.8 million and RMB2,161.9 million, respectively, representing 44.2 per cent., 31.5 per cent. and 36.3 per cent. of its total operating income for the same periods, respectively.

### Business Model

The Group's infrastructure business mainly involves urban road renovation and expansion, road construction, urban pipe network renovation, sewage treatment infrastructure construction and shantytown and/or old city renovation and is mainly carried out under the agency construction business model through three subsidiaries, namely Huangshi Newport, Huangshi City Development and Cihu Gaoxin.

Specifically, the Group enters into project agency construction agreements with relevant governmental authority in Huangshi, pursuant to which the Group is entrusted by the relevant government authority to carry out project establishment, project bidding, construction management, project inspection and acceptance, project handover and project settlement in accordance with the relevant project planning. The Group finances the infrastructure construction projects by itself during the construction period. The Group engages third party contractors to carry out the construction of its infrastructure construction projects through a standardised public tender process in accordance with applicable laws and regulations. When selecting third party contractors, the Group considers a number of factors such as the reputation of the contractor, the track record in similar projects, creditworthiness, technical capabilities and price. The quality and progress of construction are usually warranted by the third party contractors under the relevant contract. In the event of delay or poor work quality, the Group may require the third party contractor to rectify the defect or indemnify the cost or loss. Upon project completion, the Group will confirm the agency construction fees pursuant to the project settlement documents issued by authorised parties as designated by Huangshi Municipal Government (i.e., Huangshi Municipality Finance Bureau, Huangshi Economic Development Zone Finance Bureau (黃石經開區財政局) or Newport Industrial Park Management Committee (新港工業園管委會)) and such agency construction fee shall be paid by such authorised parties in instalment pursuant to the payment schedule. The payment cycle is usually between five to ten years. The agency construction fees is normally determined based on the total investment amount of the project in question plus a 15.0 per cent. to 40.0 per cent. premium depending on the project construction period and the payment schedule as agreed between the Group and the relevant government authority.

### ***Projects Description***

Since its establishment in 2012, the Group has undertaken a large number of infrastructure construction projects of strategic importance to Huangshi.

#### **Completed Projects**

As at 31 March 2023, the Group had completed 15 infrastructure construction projects with a total investment amount of RMB8,647.0 million. The table below sets forth the particulars of the Group's completed infrastructure construction projects as at 31 March 2023:

<b>Project/Location</b>	<b>Year of commencement</b>	<b>Year of completion</b>	<b>Buyback period</b>	<b>Investment amount<sup>(1)</sup></b>
				<b>(RMB in millions)</b>
Seven construction projects including Huangshi Huang Jin Shan Water Supply Project (黃石市黃金山供水工程等七項建設項目) . . . . .	2007	2010	2010-2019	1,939.0
Three construction projects including old city renovation in Xialu District, Huangshi (黃石市下陸區舊城改造等三項建設項目) . . . . .	2011	2013	2012-2025	1,222.0
Phase I of the Redevelopment Project (一期還建樓項目) . . . . .	2014	2016	2016-2022	392.0
Bonded Logistics Centre Project (Phase I) (保稅物流中心項目(一期)) . . . . .	2014	2016	2016-2022	18.0
North Extension of Newport Avenue (新港大道北延) . . . . .	2017	2020	2019-2022	1,560.0
Newport Avenue Project (新港大道項目) . . . . .	2012	2015	2015-2022	410.0
Baogang Project (寶鋼項目) . . . . .	2012	2015	2015-2022	268.0
Bonded Logistics Centre Project (Phase II) (保稅物流中心項目(二期)) . . . . .	2015	2016	2015-2016	2.0
Weishan Road (韋山路) . . . . .	2016	2017	2017-2022	59.0
Xinxing Jihua Land Acquisition and Relocation Project (新興際華徵地拆遷項目) . . . . .	2015	2016	2016-2017	53.0
COFCO Land Acquisition and Relocation Project (中糧集團徵地拆遷項目) . . . . .	2014	2015	2016-2017	1.6

Project/Location	Year of commencement	Year of completion	Buyback period	Investment amount <sup>(1)</sup> (RMB in millions)
Hangzhou Road, Xiaohu Road, Baima Road, Qingyu Road, Dafan Road, New District 1-3 Colour Plate Road, Guangzhou Road, Wuhuang Road, Changmin Road and South Plaza Road Municipal Construction (杭州路、肖湖路、白馬路、青魚等、大畝路、新區1-3路彩板路、廣州路、武黃路、昌民路和廣場南路市政工程) . . . . .	2002	2019	2014-2023	1,039.0
Daqi Road, Jinshan Avenue, Wangsheng Avenue, Wangtai Road, Wangbao Road and Pengcheng Avenue Municipal Construction (大棋路、金山大道、王聖大道、王太路、王寶路、鵬程大道市政工程) . . . . .	2006	2015	2013-2025	1,039.0
Shengming Road, Baoshan Road, Baihua Road, Zhongshan Road, Shengshui Road and Daguang Expressway Connection Municipal Construction (聖明路、寶山路、百花路、鐘山路、聖水路和大廣高速連接市政工程) . . . . .	2007	2015	2013-2025	462.0
<b>Total</b> . . . . .				<b>8,647.0</b>

Note:

(1) Represents the actual amount that has been invested in the project based on the Group's internal records.

### Projects under Construction

As at 31 March 2023, the Group had 16 infrastructure construction projects under construction with an estimated total investment amount of approximately RMB18,390.0 million. The table below summarises the Group's infrastructure construction projects under construction as at 31 March 2023:

Project/Location	Year of commencement	Estimated year of completion	Investment amount <sup>(1)</sup>	Estimated total investment Amount <sup>(2)</sup>
(RMB in millions)				
Huangshi Newport Logistics Park 2016 Shantytown Renovation Project (黃石新港物流園區2016年棚戶改造項目) . . . . .	2016	2023	766.0	850.0
Haizhou Avenue North Extension (海洲大道北延) . . . . .	2017	2022 <sup>(3)</sup>	686.0	788.0
Spring Lake Ecological Park (春湖生態公園) . . . . .	2017	2023	410.0	450.0
Logistics Park Infrastructure Facilities Project (Hejin Province Road) (物流園配套基礎設施項目 (河金省道)) . . . . .	2012	2021 <sup>(3)</sup>	612.0	730.0
Newport Industrial Park Sanzhou Relocation Housing Project (新港工業園三洲遷建樓項目) . . . . .	2013	2021 <sup>(3)</sup>	110.0	160.0
East Lake Road and Qipan Road and Drainage Construction Project (東湖路和棋盤路及排水工程項目) . . . . .	2012	2025	85.0	109.0
2018 Shantytown Renovation (Tanjiapan Area and Yingpan Village Phase I) Project (2018年棚戶區改造 (譚家畝片區及營盤村一期) 項目) . . . . .	2018	2022 <sup>(3)</sup>	620.0	775.0
Sike Community and Wangtai Community Relocation Neighbourhood and Ancillary Project for the Relocation Housing and Municipal Construction for Jinshan Avenue (四棵社區和王太社區遷建小區遷建樓及配套工程和金山大道市政工程) . . . . .	2012	2023	1,168.0	1,260.0

Project/Location	Year of commencement	Estimated year of completion	Investment amount <sup>(1)</sup>	Estimated total investment Amount <sup>(2)</sup>
(RMB in millions)				
Baihua District Urban Shantytown Redevelopment Project (百花片區城市棚戶區改造項目) . . . . .	2012	2023	2,818.0	2,966.0
Baihua East Area A, B, C Urban Shantytown Renovation Project (百花東片A、B、C城區市棚戶區改造項目) . . . . .	2012	2023	1,891.0	1,950.0
Yihuyuan Urban Shantytown Renovation Project (倚湖園棚戶區項目改造項目) . . . . .	2016	2023	703.0	1,000.0
Jianlou Xiapian District Urban Shantytown Renovation Project (箭樓下片區城市棚戶區改造項目等項目) . . . . .	2012	2023	203.0	177.0
Golden Mountain Industrial Park New Industrial Area Mountain Relocation Site, Sike Relocation Site, Wangtai Relocation Site, Baihua Relocation Site and Wanggui Relocation Site (黃金山工業新區金山還建點、四棵還建點、王太還建點、百花還建點、王貴還建小區) . . . . .	2010	2023	2,685.0	2,691.0
Jinshan and Zhangshan Relocation Housing and Ancillary Construction (金山、章山還建房及配套工程) . . . . .	2021	2026	677.0	1,879.0
Wangren District Area Phase II Urban Village Shantytown Renovation Project (汪仁片區二期城中村棚戶區改造項目) . . . . .	2018	2024	465.0	1,892.0
Silianshan and Other Surrounding Areas Urban Village Shantytown Renovation Project (四連山等片區城中村棚戶區改造項目) . . . . .	2016	2024	563.0	713.0
<b>Total</b> . . . . .			<b>14,462.0</b>	<b>18,390.0</b>

Notes:

- (1) Represents the actual amount that has been invested in the project based on the Group's internal records.
- (2) Represents the total estimated cost the Group would incur for the project based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.
- (3) Represents the expected construction period when the project began, but it has been delayed due to the impact of the COVID-19 pandemic.

Projects under Planning

As at 31 March 2023, the Group had 11 infrastructure construction projects planned for future development, with an estimated total investment of approximately RMB11,788.0 million. The table below summarises the Group's infrastructure construction projects planned for future development as at 31 March 2023:

Project	Estimated total investment amount <sup>(1)</sup>	Construction period
(RMB in millions)		
New Platform Road Network Project (新建平台路網工程) . . . . .	300.0	2023-2026
Road Network Extension and Infrastructure Upgrade in the Qibu District (起步區路網延伸及基礎設施改造) . . . . .	890.0	2023-2026
Municipal Pipeline Project (市政管網工程) . . . . .	1,289.0	2023-2026
Comprehensive Pipe Gallery Project (綜合管廊工程) . . . . .	830.0	2023-2026
Relocation Housing and Supporting Facilities (還建房及配套) . . . . .	2,163.0	2023-2026
Yihuyuan • Wanggui Phase II Relocation Housing and Supporting Facilities Project (倚湖園 • 王貴二期還建房及配套) . . . . .	500.0	2023-2026

Project	Estimated total investment amount <sup>(1)</sup>	Construction period
	(RMB in millions)	
Wanggui Relocation Community Phase II Zone B Relocation Housing and Supporting Facilities Project (王貴還建小區二期B區還建房及配套) . . . . .	900.0	2023-2026
Taizi Area Relocation Housing and Supporting Facilities Project (太子片區還建房及配套) . . . . .	644.0	2023-2026
Wangren Phase II Relocation Housing and Supporting Facilities Project (汪仁二期還建房及配套) . . . . .	1,892.0	2023-2026
Zhangshan Huaxin New Material and Intelligent Equipment Manufacturing Park Supporting Municipal Facilities Project (章山華新新材料及智能裝備製造園相關配套市政設施項目) . . . . .	280.0	2023-2026
Baihua Phase III Relocation Housing Project (百花三期安置房) . . . . .	2,100.0	2023-2026
<b>Total</b> . . . . .	<b>11,788.0</b>	

Note:

- (1) Represents the total estimated cost the Group would incur for the project based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.

## Primary Land Development

### Overview

The Group is one of the entities designated by the Huangshi Municipal Government to conduct primary land development in Huangshi. The Group engages in the primary land development business mainly through two of its subsidiaries: Huangshi City Development and Cihu Gaoxin. Huangshi City Development is mainly responsible for the primary development of the land located in the urban area of Huangshi, while Cihu Gaoxin is mainly responsible for the primary development of land located within Huangshi Economic Development Zone.

The Group's operating income from its primary land development business derives from the primary land development fees paid by the relevant government entities, which are generated from the grant of land use rights of the land developed to real estate developers. As at 31 December 2022, the Group has undertaken and completed over a hundred primary land development projects in Huangshi with a total investment amount of RMB277.0 million.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's primary land development business was RMB501.1 million, RMB755.3 million and RMB930.8 million, respectively, representing 10.5 per cent., 13.1 per cent. and 15.6 per cent. of its total operating income for the same periods, respectively.

### Business model

The Group engages in the primary land development business mainly through Huangshi City Development and Cihu Gaoxin.

Huangshi City Development normally enters into land development agreements with the Huangshi Land Reserve Center (黃石土地儲備中心), pursuant to which Huangshi City Development is responsible for the primary development of lands located in the urban area of Huangshi. Upon project completion, the land developed will be reserved by the Huangshi Land Reserve Center and subsequently transferred by the Huangshi Land Reserve Center. The land grant fees from the land transfer, after deducting the relevant taxes and charges, will be paid to the Group and the Group recognises income for its primary land development business.



Cihu Gaoxin normally enters into land development agreements with the Huangshi Economic Development Zone Branch of the Huangshi Land and Resources Bureau (黃石市國土資源局開發區分局), pursuant to which Cihu Gaoxin is responsible for the primary development of lands located within Huangshi Economic Development Zone. Upon project completion, the land developed will be reserved by the Huangshi Land Reserve Center and subsequently transferred by the Huangshi Land Reserve Center. 25 per cent. of the land grant fees from the land transfer will be paid to the Group and the Group recognises income for its primary land development business.

### **Projects Description**

#### **Completed Projects**

As at 31 December 2022, the Group had completed over a hundred primary land development projects with a total investment amount of RMB5,014.9 million. The table below sets forth the particulars of the Group's five largest primary land development projects in terms of the total investment amount as at 31 December 2022:

<b>Location</b>	<b>Construction period</b>	<b>Site area</b>	<b>Total investment amount</b>
		<b>(sq.m.)</b>	<b>(RMB in millions)</b>
Fangjiadun Plot (方家墩地塊) . . . . .	2020-2022	166,362.14	67,876.0
Xialu District c03 North of Suzhou Road, West of the Public Security Bureau Building and East of Qingyu Road (下陸區c03蘇州路以北、市公安局大樓以西、青魚路以東) . . . . .	2015-2017	60,724.00	23,985.05
East of A49 Road, South of Sike Avenue and North of Daqi Road (A49 路以東、四棵大道以南、大棋路以北) . . . . .	2012-2014	266,923.00	20,500.0
East of Intercity High Speed Rail, South of Wujiahong Avenue and North of New Southwest (城際高鐵路以東、伍家洪大道以南、新西南以北) . . . . .	2015-2017	78,523.00	14,283.95
Huangshigang District A03 Management Unit (黃石港區A03 管理單元) . . . . .	2015-2017	41,683.46	12,511.54

#### **Medical Services**

The Group's medical services business is operated and managed through its subsidiary, East HB Medical Care. Established in 2016, East HB Medical Care is the leading state-owned medical service provider in Huangshi. As at 31 December 2022, the Group, through East HB Medical Care, manages and operates four hospitals, 13 community rehabilitation and nursing centres and four health service centres with more than 2,000 medical and nursing beds, four provisional key clinical departments and 12 municipal key clinical departments.

The Group's operating income generated from its medical services business primarily derives from providing medical services at its four public hospitals to residents in Huangshi and surrounding areas. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's medical services business was RMB442.5 million RMB509.5 million and RMB526.3 million, respectively, representing 9.3 per cent., 8.8 per cent. and 8.8 per cent. of its total operating income for the same periods, respectively.

#### **Public Transportation**

The Group's public transportation business is operated and managed through its subsidiary, Huangshi City Bus and mainly include public transportation, advertisement and driver training businesses. As at 31 December 2022, Huangshi City Bus was the largest public transportation operator in Huangshi. As at 31 December 2022, the Group operated 47 bus routes in Huangshi with a fleet of approximately 695 buses, representing approximately 70.0 per cent. of the total bus routes and 70.0 per cent. of the buses in operation in Huangshi, respectively.

Bus fares are regulated by the relevant governmental authorities in Huangshi. The Huangshi Municipal Government has implemented various transport fare concession policies such as the low-fare policy as well as fare concession schemes for students, elderly, disabled persons and veterans. The Group has received government support in the form of fiscal subsidies to support its operation of public buses. For the years ended 31 December 2020, 2021 and 2022, fiscal subsidies granted to the Group for its operation of public transportation amounted to approximately RMB55.8 million, RMB68.5 million and RMB34.5 million, respectively.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's public transportation business was RMB98.4 million, RMB138.2 million and RMB136.9 million, respectively, representing 2.1 per cent., 2.4 per cent. and 2.3 per cent. of its total operating income for the same periods, respectively.

### **Water Supply, Water Treatment and Water Facilities Installation**

As one of the key water operation entities in Huangshi, the Group engages water supply, water treatment and water facilities installation businesses, which are operated through three subsidiaries: Huangshi Watersupply, Huangshi Water Construction and Huangshi Sewage Treatment. The Group's water supply business involves the collection of raw water, treatment of raw water to produce tap water and distribution and sale of tap water to end users. The Group's water treatment business involves the treatment of substantially all the domestic sewage in the urban area of Huangshi. The Group's water facilities installation business involves the maintenance of water pipe network and replacement of water meters.

Huangshi Watersupply carries out the water supply business of the Group and it manages and operates ten water plants, including Liangtingshan Water Plant (涼亭山水廠), Wangjiali Water Plant (王家里水廠), Huahu Water Plant (花湖水廠) and Xisai Water Plant (西塞水廠). As at 31 December 2022, the Group's designed daily water supply capacity reached 480,000 tons, actual daily water supply capacity reached 300,000 tons and the Group's water supply business covered an area of approximately 391.8 sq.km. and approximately 1.13 million people. For the year ended 31 December 2022, the water supplied by the Group is 131,620,100 tons and the amount of water sold by the Group is 94,037,000 tons.

Huangshi Sewage Treatment carries out the water treatment business of the Group and it manages and operates two sewage treatment plants, namely the Qingshanhu Sewage Treatment Plant (青山湖污水處理廠) and the Cihu Sewage Treatment Plant (磁湖污水處理廠). As at 31 December 2022, the Group's daily water treatment capacity reached 75,000 tons, the daily reclaimed water treatment capacity reached 400 tons and the sewage network reached 40 km.

Huangshi Water Construction carries out the water facilities installation business of the Group, which mainly involves the maintenance of the water pipe network and replacement of water meters.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply, water treatment and water facilities installation business was RMB154.8 million, RMB222.1 million and RMB199.0 million, respectively, representing 3.2 per cent., 3.8 per cent. and 3.3 per cent. of its total operating income for the same periods, respectively.

### **Other Businesses**

The Group also conducts other businesses in addition to its main business segments, including project management, selling and leasing of properties, heat supply, advertisement and property services.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's other businesses was RMB1,464.5 million, RMB2,336.9 million and RMB2,000.6 million, respectively, representing 30.7 per cent., 40.4 per cent. and 33.6 per cent. of its total operating income for the same periods, respectively.

## **GOVERNMENT REGULATIONS**

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. The Group is not aware of significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially and adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

## **RISK MANAGEMENT**

The Group has established a risk management system to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including budget management, invested projects finance management, guarantee management, remuneration management, safety production, member companies management, investment and financing management, connected transaction, information disclosure and incidents management. Each level and department of the Group is informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

## **EMPLOYEES**

As at 31 December 2022, the Group had approximately 4,490 employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation 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 according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

## **INSURANCE**

The Group maintains insurance policies, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC. The Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. 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. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

## **ENVIRONMENT MATTERS**

The Group's operations are subject to various environmental laws. Compliance with such laws has not had, and, to the Group's knowledge, is not expected to have, a material adverse effect upon the Group's capital expenditures, earnings or competitive position. As at the date of this Offering Circular, to the best knowledge of the Group, there are no current litigation, arbitration, administrative proceedings or claims, whether pending or threatened, in relation to environment matters, which could have a material adverse effect on the financial condition or results of operations of the Group or which are otherwise material in the context of this offering.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business.

As at the date of this Offering Circular, the Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Group that may have a material adverse change on its business, financial condition or results of operations.

## DIRECTORS, SUPERVISOR AND SENIOR MANAGEMENT OF THE ISSUER

### DIRECTORS

The board of directors of the Company (the “**Board**”) currently consists of seven directors, including one chairman, five directors and one employee representative director. The primary responsibilities of the Board include, without limitation, (i) implementing the decisions of the shareholder(s); (ii) determining business plans and investment proposals of the Company; (iii) making the annual financial budget and financial account of the Company; (iv) making the profit distribution and deficit-covering schemes of the Company; (v) making proposals of increase/reduction of the registered capital of the Company or issue of corporate bonds of the Company; (vi) making proposals of merger, split, dissolution or change of business of the Company; (vii) determining the internal management structure of the Company; and (viii) determining the appointment or dismissal of the general manager of the Company, and, based on the proposal made by the general manager, the appointment or dismissal of deputy general managers of the Company.

The following table sets forth the Company’s directors as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. CHENG Zhengdong (程正棟)	51	Chairman of the Board and legal representative
Mr. XIAO Xinjian (肖新建)	46	Director and general manager
Mr. GUO Qing (郭慶)	59	Director
Ms. HUANG Benlian (黃本蓮)	52	Director
Mr. ZHU Guiyan (朱桂焱)	42	Director
Mr. DENG Jie (鄧傑)	42	Director
Ms. YI Min (易敏)	47	Employee representative director

**Mr. CHENG Zhengdong (程正棟)**, aged 51, has been the chairman of the Board of the Company since December 2020. Mr. Cheng is currently the chairman and the legal representative of the Company. He has previously served as a deputy mayor of Fuchi Town, Yangxin County (陽新縣富池鎮), a deputy director of the General Office (辦公室) and the director of Research Office (研究室) of Yangxin County Government (陽新縣政府), the principal staff member of the Research Office of the Huangshi Municipal Government (黃石市政府), a deputy section chief of the Economic Research Section (經濟研究科) of the Huangshi Municipal Government (黃石市政府經濟研究科), the section chief of the Social Development Section (社會發展科) of the Huangshi Municipal Government, the section chief of the Party Committee Office (市委辦公室) of the Huangshi Municipal Government, a deputy director of the Party Committee Supervision Office (市委督查室) of the Huangshi Municipal Government, a member of the Standing Committee of the Tieshan District Committee (鐵山區委常委), a deputy district chief of Tieshan District (鐵山區), a member of the Standing Committee of the Huangshi Port District Committee (黃石港區委常委), and a publicity minister of Huangshi Port District Committee. Mr. Cheng obtained a master’s degree.

**Mr. XIAO Xinjian (肖新建)**, aged 46, has been a director and the general manager of the Company since September 2022. He has previously served as a deputy secretary of the Youth League Committee (團委) of the Huangshi Municipal Bureau of Rural Enterprises (黃石市鄉鎮企業局), a deputy section chief of the Production Section (生產科) of the Huangshi Municipal Bureau of Rural Enterprises, a principal staff member of the Huangshi Municipal Economic Commission Office (黃石市經委辦公室), a member of the Party Committee, as well as a deputy general manager, a deputy secretary of the Party Committee, and the general manager of Huangshi City Finance Guarantee Group Co., Ltd. (黃石市融資擔保集團有限公司). Mr. Xiao obtained a bachelor’s degree.

**Mr. GUO Qing (郭慶)**, aged 59, has been a director of the Company since September 2022. He has previously served as the director of the Life Department (生活部) of Huangshi Municipal Materials Bureau (黃石市物資局), a manager of Huangshi Chengfa Trading Co., Ltd. (黃石城發商貿有限公司), a deputy director of Huangshi Municipal Government Representative Office in Shanghai (黃石市政府駐

上海辦事處), a vice president of Huangshi Municipal Trade and Materials Industry Association (黃石市貿易物資行業協會), the director of Huangshi Municipal Market Development Management Centre (黃石市市場發展管理中心), the chairman of the board of directors of Hubei Edong Market Development and Operation Co., Ltd. (湖北鄂東市場發展經營有限公司) (currently known as Huangshi Guotou Asset Management Group Co., Ltd. (黃石市國投資產經營管理集團有限公司)), and a member of the Party Committee and a deputy general manager of Huangshi State-owned Assets Management Co., Ltd. (黃石市國有資產經營有限公司). Mr. Guo has obtained a master's degree.

**Ms. HUANG Benlian (黃本蓮)**, aged 52, has been a director of the Company since February 2023. Ms. Huang currently also serves as a vice chairman of the Huangshi Municipal Committee of the Democratic Revolution (黃石市委會民革), a vice chairman of the Political Consultative Conference (政協) of Huangshi Port District (黃石港區), as well as a professor and a master tutor of the School of Economics, Management and Law (經濟管理與法學院) of Hubei Normal University (湖北師範大學). She previously served as a teacher of Huangshi No. 4 Middle School (黃石四中), a deputy dean and an associate professor of the School of Politics and Law (政法學院) of Hubei Normal College (湖北師範學院) (currently known as Hubei Normal University), as well as a professor and a master tutor of the School of Politics and Law of Hubei Normal University. Ms. Huang obtained a doctor's degree.

**Mr. ZHU Guiyan (朱桂焱)**, aged 42, has been a director of the Company since February 2023. Mr. Zhu currently also serves as a lecturer of the School of Economics, Management and Law of Hubei Normal University, and a deputy general manager of Huangshi Linkong Construction Investment and Development Co., Ltd. (黃石臨空建設投資開發有限公司). He previously served as a project manager of Hongfujin (Wuhan) Precise Industry Co., Ltd. (鴻富錦(武漢)精密工業股份有限公司) and a director of strategy as well as operation of Wuhan Rixin Technology Co., Ltd. (武漢日新科技股份有限公司). Mr. Zhu obtained a doctor's degree.

**Mr. DENG Jie (鄧傑)**, aged 42, has been a director of the Company since February 2023. Mr. Deng currently also serves as a senior partner and an executive director of Hubei Zhongkun Law Firm (湖北眾坤律師事務所). Mr. Deng previously served as a clerk of Xisai Mountain Court (西塞山法院), an officer of the Patrol and Special Police Detachment (巡特警支隊) as well as the Political Publicity Section (政治宣傳科) of Huangshi Public Security Bureau (黃石市公安局), and an officer of the Legal Affairs Section (法制科) of Xisai Mountain Public Security Bureau (西塞山公安分局). Mr. Deng obtained a master's degree.

**Ms. YI Min (易敏)**, aged 47, has been an employee representative director of the Company since December 2022. She previously served as a clerk of the Huangshi City Construction Committee (黃石市建設委員會) and a deputy director of the General Office of Huangshi City Development. Ms. Yi obtained a Bachelor's degree.

## **SUPERVISORS**

The board of supervisors of the Company consists of five members, including one chairman of the board of supervisors, two supervisors and two employee representative supervisors. The primary responsibilities of the board of supervisors include, without limitation, (i) reviewing the Company's implementation of national, provincial and municipal laws and regulations, and the relevant rules or guidelines of Huangshi SASAC; (ii) reviewing the financial situation of the Company; (iii) overseeing conducts of the Company's directors and senior management personnel in performing their duties and making recommendations of dismissing the Company's directors and senior management personnel acting in contravention of laws, administrative regulations, articles of association of the Company and decisions of the shareholder(s); (iv) requesting the Company's directors, senior management personnel to put in place remedial measures in circumstances where their conducts undermine the Company's interests; (v) making proposals to the shareholder(s); (vi) guiding the financial supervision works of the board of supervisors or assigned supervisor in the subsidiaries of the Company; (vi) presenting at the

Board meetings and making requests or proposals on matters to be resolved by the Board; and (viii) other authorities stipulated by laws and regulations.

The following table sets forth the Company's supervisors as at the date of this Offering Circular:

Name	Age	Position/Title
Ms. JIANG Li (江麗)	43	Chairman of the board of supervisors
Ms. XIA Canjun (夏燦君)	41	Supervisor
Ms. ZHANG Hua (張華)	48	Supervisor
Mr. WANG Songtao (王松濤)	46	Employee representative supervisor
Mr. ZHANG Yang (張陽)	38	Employee representative supervisor

**Ms. JIANG Li (江麗)**, aged 43, has been a chairman of the board of supervisors of the Company since December 2021. Ms. Jiang previously served as a deputy principal staff member of the Specialty Section of the Huangshi Municipal Personnel Bureau (黃石市人事局專技科), a deputy principal staff member and the section chief of the Talent Section (人才科) of the Huangshi Municipal Party Committee Organisation Department (黃石市委組織部), as well as the principal staff member of the Economic Science and Education Cadre Section (經濟科教幹部科) of Huangshi Municipal Party Committee Organisation Department. Ms. Jiang obtained a bachelor's degree.

**Ms. XIA Canjun (夏燦君)**, aged 41, has been a supervisor of the Company since December 2020. Ms. Xia has previously served as a staff member and a deputy chief of the Political and Public Works Section (政工科) of the Comprehensive Office (綜合辦) of Huangshi Radio, Film and Television Bureau (黃石市廣播電視局), the director of the Human Resources Centre (人力資源中心) of Huangshi Radio and Television Station (黃石市廣播電視台), a manager and the director of Human Resources Department (人力資源部) of the Company, and the director and the chief of the Audit Department (Bidding Centre) (審計部(招投標中心)) of the Company. Ms. Xia obtained a bachelor's degree.

**Ms. ZHANG Hua (張華)**, aged 48, has been a supervisor of the Company since February 2023. Ms. Zhang currently also serves as the director of the Discipline Inspection and Supervision Department (紀檢監察部) of the Company. She previously worked in Huangshi City Sewage Treatment Plant (黃石市污水處理廠) and Huangshi City Urban Drainage Co., Ltd. (黃石市城市排水有限公司). She previously also served as an employee of the Engineering Section (工程科), a deputy director of the Integrated Investment Department (綜合投資部), and a deputy director and the director of the Finance Department (融資部) of the Company. Ms. Zhang obtained a bachelor's degree.

**Mr. WANG Songtao (王松濤)**, aged 46, has been an employee representative supervisor of the Company since December 2022. Mr. Wang has previously served as a deputy director of the Finance Department of Wuhan Iron and Steel Group Hongxin Real Estate Development Co., Ltd. (武漢鋼鐵集團宏信置業發展有限公司) (currently known as Wuhan Steel Group Hongxin Property Development Co., Ltd. (武漢宏信礦冶科工集團有限公司)), a secretary of the Party Branch (黨支部) and a deputy manager of the Market Operation and Trade Department (市場經營貿易部) of Wugang Hongxin Real Estate Development Co., Ltd., a deputy general manager of Huangshi Urban Development Investment Group Asset Management Co. Ltd. (黃石市城市發展投資集團資產管理有限公司), and a director of the Corporate Development Department (企業發展部) of the Company. Mr. Wang obtained a college degree.

**Mr. ZHANG Yang (張陽)**, aged 38, has been an employee representative supervisor of the Company since February 2023. Mr. Zhang also serves as the director of the Financing Management Centre (融資管理中心) of the Company. Mr. Zhang previously served as an ERP software engineer of Tianjin Gaoruan Software System Co., Ltd. (天津高軟軟件系統有限公司), a financial director of Wuhan Jinyongheng Economic and Trade Co., Ltd. (武漢金永恆經貿有限責任公司), an asset management staff of the Asset Assurance Department (資產保全部), a comprehensive management staff of the Risk Management Department (風險管理部) and a credit manager of Hubei Bank Huangshi Branch, a comprehensive management staff of the Credit Execution Department (授信執行部) of the headquarters of Hubei Bank. He previously also served as a deputy director of the Finance Department of the Company. Mr. Zhang obtained a master's degree.

## SENIOR MANAGEMENT

The senior management of the Company consists of six members, of which one is the general manager, three are deputy general managers, one is the chief accountant and one is the chief economist. The primary responsibilities of the general manager include, without limitation, (i) reporting to the Board regarding the operation and management of the Company; (ii) implementing resolutions passed by the Board and implementing the Company's annual business plans and investment proposals; (iii) formulating the Company's annual financial budget, profit distribution and deficit-covering schemes, and schemes for financing; (iv) formulating the Company's internal management framework and fundamental management system; (v) formulating specific management system of the Company; (vi) making proposals of appointing or dismissing the deputy general manager, chief economist and chief accountant of the Company; (viii) determining the appointment or dismissal of the management personnel other than those whose appointment or dismissal shall be determined by the Board; (ix) formulating the Company's compensation, welfare, reward and punishment system; (x) making decisions or proposals regarding important matters pursuant to the Board resolutions; and (xi) other authorities granted by laws and regulations or the Board.

The table below sets forth certain information in respect of each of the Company's senior management as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. XIAO Xinjian (肖新建)	45	Director and general manager
Mr. HU Zhenyu (胡振宇)	54	Deputy general manager
Mr. SHI Lantian (石蘭田)	60	Deputy general manager
Mr. CUI Xiangyun (崔向雲)	49	Deputy general manager
Ms. CHEN Nian (陳念)	47	Chief accountant
Mr. LIN Yun (林雲)	42	Chief economist

**Mr. XIAO Xinjian (肖新建)**, aged 46, has been a director and the general manager of the Company since September 2022. For details of Mr. Xiao's biography, please see "*— Directors*" above.

**Mr. HU Zhenyu (胡振宇)**, aged 54, has been a deputy general manager of the Company since December 2021. He previously served as the section chief of the Planning Section (規劃計科) of Huangshi City Family Planning Commission (黃石市計生委), the director of the General Office of Huangshi City Family Planning Commission, a deputy mayor of Daye Municipal Government (大冶市政府), and a deputy director of the Huangshi Environmental Protection Bureau (黃石市環保局). Mr. Hu obtained a master's degree and he is an intermediate statistician (中級統計師).

**Mr. SHI Lantian (石蘭田)**, aged 60, has been a deputy general manager of the Company since December 2021. He previously served as the chief engineer of Huangshi City Urban Drainage Co., Ltd. (黃石市城市排水有限公司), a deputy general manager of Huangshi PetroChina Kunlun City Investment Gas Co., Ltd. (黃石中石油昆侖城投燃氣有限責任公司), a deputy chief engineer of Huangshi City Development, and the general manager of Huangshi Zhongcheng Construction Engineering Project Management Co., Ltd. (黃石市中城建設工程項目管理有限公司). Mr. Shi obtained a college degree and he is a senior engineer (高級工程師) and first-class construction engineer (一級建造師). Mr. Shi obtained a college degree.

**Mr. CUI Xiangyun (崔向雲)**, aged 49, has been a deputy general manager of the Company since September 2022. He previously served as the general manager and a deputy party secretary of Huangshi City Bus (黃石市城市公交集團有限公司). Mr. Cui obtained a bachelor's degree.



**Ms. CHEN Nian (陳念)**, aged 47, has been a chief economist of the Company since December 2022. She previously worked in Huangshi City Urban Drainage Company and Huangshi City Development. She also served as a deputy chief officer of Huangshi City Development and a deputy manager of Huangshi Zhongcheng Construction Engineering Project Management Co., Ltd. (黃石市中城建設工程項目管理有限公司). Ms. Chen obtained a bachelor's degree.

**Mr. LIN Yun (林雲)**, aged 42, has been the chief economist of the Company since December 2022. He previously served as a deputy director of the Finance and Trade Section (財貿科) of the Huangshi Municipal Development and Reform Commission (黃石市發改委), a deputy director of the National Economic Mobilisation Office (國民經濟動員辦公室), the director of the Agricultural Economics Section (農經科) and a deputy director of the Fixed Assets Investment Office (固定資產投資辦公室). Mr. Lin obtained a college degree.

## **PRC REGULATIONS**

*This section summarises the principal PRC laws and regulations which are relevant to the PRC legal and judicial systems, foreign debt and the issue of the Bonds and the provision by the LC Bank of the Standby Letter of Credit. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Bonds and the LC Bank.*

### **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, 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 ("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, 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 and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. 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. 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 and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul 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, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. 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 judicial work of the basic and intermediate 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 Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

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 of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher 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 and 24 December 2021 (and implemented on 1 January 2022), 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 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 competent 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 either party, mandatorily enforce the judgment.

Where a party applies for enforcement of an effective judgment or ruling of a court, if the party against whom enforcement is sought or the property thereof is not within the territory of the PRC, the applicant may apply directly to the foreign court having jurisdiction for recognition and enforcement, or apply to a PRC court for such court to request recognition and enforcement by the foreign court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. Where a valid and effective judgment or ruling of a foreign court requires recognition and enforcement by a court of the PRC, a party may apply directly to the intermediate court of the PRC having jurisdiction for recognition and enforcement, or apply to the foreign court for the foreign court to request recognition and enforcement by the PRC court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. After examining an application or request for recognition and enforcement of a valid and effective judgment or ruling of a foreign court in accordance with an international treaty concluded or acceded to by the PRC or under the principle of reciprocity, a PRC court shall issue a ruling to recognise the legal force of the judgment or ruling and issue an order for enforcement as needed to enforce the judgment or ruling according to the relevant provisions of the Civil Procedure Law of the PRC if the PRC court deems that the judgment or

ruling does not violate the basic principles of the laws of the PRC and the sovereignty, security and public interest of the PRC. If the judgment or ruling violates the basic principles of the laws of the PRC or the sovereignty, security or public interest of the PRC, the PRC court shall not grant recognition and enforcement.

## **REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC**

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### **Current Account Items**

Under the PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers into and outside the PRC. Prior to July 2009, all current account items were required to be settled in foreign currencies. Pursuant to the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (跨境貿易人民幣結算試點管理辦法(中國人民銀行、財政部、商務部、海關總署、國家稅務總局、中國銀行業監督管理委員會公告[2009]第10號)) which was promulgated on 1 July 2009 and the Implementation of the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (跨境貿易人民幣結算試點管理辦法實施細則(銀發[2009]212號)) which was promulgated on 3 July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in certain pilot regions. On 17 June 2010, 27 July 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知(銀發[2010]186號)), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知(銀發[2011]203號)) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知(銀發[2012]23號)) (together as “**Circulars**”). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have reviewed and approved such list (the “**Supervision List**”).

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprises do not necessarily need to be included in the Supervision List), or (b) enterprises that have been approved as pilot enterprises for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知(銀發[2013]168號)) (the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions on a need basis (noting that verification of underlying transactions is usually a precondition for cross border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBOC Circular and impose conditions for settlement of current account items.

### **Capital Account Items**

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “**cross-border security**”). Under current rules promulgated by the SAFE and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016 and 2017, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2014, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use properties, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and the China Interbank Note Market (“**CIBM**”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## **NDRC REGISTRATION IN RELATION TO FOREIGN DEBTS MANAGEMENT**

According to the NDRC Administrative Measures which was issued by the NDRC on 5 January 2023 and came into effect on 10 February 2023, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Administrative Measures relates to the matters as listed below:

- realise the supervision and administration of the size of foreign debts borrowed on a macro level with the registration and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the examination and registration procedures and shall (i) report the information on the issuance to NDRC within 10 PRC working days of completion of each issuance, (ii) report the information on the borrowing of foreign debt to NDRC within 10 PRC working days upon the expiration of the Certificate of Examination and Registration, and (iii) semi-annually submit the information on use of the funds raised by the foreign debt, repayment of the principal and interest, plans and arrangements, and key business indicators to NDRC within 5 PRC business days before the end of January and the end of July respectively each year;
- registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: basic information of the enterprise and existing foreign debts, analysis of the necessity, feasibility, economy and financial sustainability of the borrowing of foreign debt, application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc., plan for repayment of the principal and interest of foreign debts and risk prevention measures, and letter of commitment for the authenticity of the borrowing of foreign debts. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for registration within five working days of receiving it and shall issue a Certificate of Examination and Registration of the Issuance of Foreign Debts by Enterprises within three months of accepting the application;
- the issuer of foreign debts shall, on the strength of the Certificate of Examination and Registration, complete the relevant formalities for foreign exchange registration, account opening, receipt/payment and exchange of funds, use of funds etc. as required;
- upon completion of examination and registration of foreign debts, the enterprise shall submit an application for change to the examination and registration authorities prior to occurrence of any of the following circumstances and where adjustment is required: (i) changes in the currency of foreign debts to be borrowed or the type of debt instruments;(ii) major changes in the use of raised funds; and (iii) other circumstances under which major adjustments shall be made to the relevant contents of the Certificate of Examination and Registration. The NDRC shall make a written decision on approval of the application or issue a written notice on non-approval of the change if the reasons stated in the application is not sufficiently justified; and
- where there is any concealment, false record, misleading statement or material omission in the application materials and information disclosed by an enterprise, the NDRC shall give warnings to the enterprise and its principal responsible persons. The NDRC shall revoke the Certificate of Examination and Registration if the certificate is obtained by concealment, deception, bribery or other improper means.

## REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with the Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of 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(銀發[2009]92號)) 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. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015 and amended on 29 December 2018, empowers local governments to issue government bonds, and public interest projects with income generated, such as the sale and distribution of electricity and steam, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or 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 11 May 2015, 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 Ministry of Finance of the PRC, the PBOC and the CBRC (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(國辦發[2015]40號)) (the “**Circular 40**”) was promulgated by the General Office of the State Council of the PRC. 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 by competent investment authorities before the date when the 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. In respect of loans to the projects under construction of financing platform companies, if the loan contracts which are legally binding have been signed before 31 December 2014 and the loans have 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 blindly call in loans in advance, delay or suspend the granting of loans.

- **Regulate incremental financing for projects under construction.** Local governments at all levels shall pay close attention to any incremental financing needs which are expected to be given fiscal support 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 such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the incremental financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and 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, affordable 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 efforts to effectively use the stock of 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.

Neither Circular 43 nor Circular 40 is applicable to the Bonds and no government authority has any obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil its payment obligations under the Bonds, investors will only be able to claim against the Issuer and not any other government authority.

On 28 March 2018, the MOF promulgated the Circular 23, which came into effect on the same day. Under the Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of fiscal funds shall be diligently verified. In bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular 706. Under the Circular 706, enterprises that take on foreign debts shall have materialized operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear. It is forbidden that public schools, public hospitals, public cultural facilities, parks, public



squares, government office buildings, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises' assets. It is restated that in bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connected with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

## **MAJOR LAWS, REGULATIONS AND POLICIES RELATED TO THE GROUP'S BUSINESSES**

### **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 amended 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 the State Council on 20 December 2011 which became effective on 1 February 2012, and amended on 2 March 2019 which became effective on the same date, 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, amended on 11 March 2013 and became effective on 1 May 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 the Ministry of Housing and Urban-Rural Development of the People's Republic of China on 24 January 2017 and became effective on 1 May 2017, 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 the Administrative Measures for the Bidding and Tendering of Highway Engineering Construction Projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 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.

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.

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 (I) (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 any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

### **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) promulgated by SCNPC on 1 November 1997 which became effective on 1 March 1998, and amended on 23 April 2019 which became effective on the same date, Regulations on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and which became effective on the same date and was 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 became effective on the same date and amended on 1 April 2021, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and MOF on 20 June 2017 and became effective on 1 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 the Construction of Port Projects (港口工程建設管理規定) issued by MOT on 15 January 2018 which became effective on 1 March 2018 and amended on 28 November 2018 and 28 November 2019, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and became effective on 1 October 2004, and its Implement which was promulgated on 27 January 2010 and became effective 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 competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

### **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 and last amended on 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 the State Council on 29 November 1998, became effective on the same date and amended on 16 July 2017, and Interim 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 SEPA 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 Interim 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 project owner will self-assess whether the construction project has met the requirements for environmental protection and undergo environmental protection acceptance process.

### **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 and which became effective on the same date and was last amended on 26 October 2018 which became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

### **Water Pollution**

The Water Pollution Prevention Law (水污染防治法), last amended on 27 June 2017 and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

### **Noise Pollution**

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997, and last amended on 29 December 2018, which became effective on the same day, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority at or above the county level.

## **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, last amended on 29 December 2018 which became effective on the same date, 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 was amended on 16 July 2017 which became effective on 1 October 2017, and the Interim Measures for the Administration of Environmental Protection Examination and Acceptance of Completed Construction Projects (建設項目竣工環境保護驗收暫行辦法), promulgated by SEPA on 20 November 2017 which became effective on the same date, require the project owner to self-assess whether the construction project has met the requirements for environmental protection and undergo environmental protection acceptance process.

## **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 last amended on 29 December 2018, which became effective on the same day, 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 last amended on 24 March 2002, which became effective on the same day, 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 last amended on 24 March 2019, which became effective on the same day, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

## **REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES**

### **NDRC Supervision**

According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法) issued on 26 December 2017 and which became effect on 1 March 2018, the procedure of approval and filing shall be respectively applied to different overseas investment projects. In particular, overseas investment projects involving sensitive countries and regions or sensitive industries shall be subject to confirmation by the NDRC. Projects shall be subject to the filing with the competent governmental body. Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法).

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts;
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration;

- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

### **MOFCOM Supervision**

MOFCOM issued the new version of the Overseas Investment Administration Rules (境外投資管理辦法) 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 the competent department of commerce shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate (企業境外投資證書). 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 obtaining 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” refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” refer to 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 after 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 after accepting such local enterprise’s application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification 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.

All overseas investments other than those subject to MOFCOM verification as described above are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM, 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 (中央企業) 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 three working days upon receipt of such filing form, if the filing form meets all the relevant requirements.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration 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 legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

### **Foreign Exchange Administration**

According to Regulation of the People's Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例) and Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定), 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 Notice of the People's Bank of China on matters concerning the 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) (the “**Cross-Border Financing Notice**”), which came into effect on the same day. The Cross-Border Financing Notice 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. The Cross-Border Financing Notice applies to non-financial enterprises, excluding financing platforms of the government and real estate corporations.

### **State-owned Assets Supervision**

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly-owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good

reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take place in connection with a central enterprise or its subsidiaries at all levels:

1. where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;
2. where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;
3. where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
4. other circumstances in which property right registration needs to be made.



## 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 holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### PRC TAXATION

*The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of PRC for the PRC tax purposes. These beneficial owners are referred to as non-resident Bondholders in this “PRC Taxation” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.*

#### Income Tax

Pursuant to the EIT Law effective on 1 January 2008 (amended on 29 December 2018) and the IIT Law, and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest.

Such income tax if applicable would be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. 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. 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 shall pay individual income tax for any income obtained within the PRC. 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 Double Taxation 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.

### **Value Added Tax**

On 23 March 2016, MOF and SAT issued Circular 36, 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 six per cent. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of six per cent.

Pursuant to the PRC Urban Maintenance and Construction Tax Law (中華人民共和國城市維護建設稅法), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)), and Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知), any entity or individual liable to consumption tax or value added tax shall be a payer of urban maintenance and construction tax and the tax rate is seven per cent. for a taxpayer in a city, five per cent. for a taxpayer in a county town or town, 1 per cent. for a taxpayer living in a place other than a city, county-level town or town. All entities and individuals that pay consumption tax or value added tax shall pay education surcharges, except for entities that pay rural education surcharges according to the Notice of the State Council on Raising Funds for Running Rural Schools (Guo Fa [1984] No. 174) (國務院關於籌措農村學校辦學經費的通知(國發[1984]174號)) and the rate is three per cent. based on the amount of value added tax and consumption tax actually paid by entities and individual. In addition, all entities and individuals that pay value added tax or consumption tax shall pay local education surcharges and the tax rate is two per cent. based on the amount of value added tax and consumption tax.

Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of six per cent. and certain surcharges. The Issuer will be obligated to withhold VAT of six per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals.

VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. 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. However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds*”.

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 per cent. on such payments to non-PRC resident enterprise Bondholders as such payments will be regarded as being derived from sources within the PRC, and VAT and surcharges at a rate around 6.72 per cent. may also be applicable. However, despite the withholding of PRC tax by the LC Bank, the LC Bank has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Standby Letter of Credit.

### **Stamp Duty**

According to the Stamp Duty Law of the PRC promulgated by the Standing Committee of the National People’s Congress on 10 June 2021, which became effective on 1 July 2022, enterprises or individuals of the PRC which conclude or receive any instruments specified in these rules shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments. If the issuance of the Bonds is treated as the same as the entry into a loan contract, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) would be each subject to stamp duty of 0.005 per cent., of the amount borrowed (or such higher rate if local governments have other additional requirements).

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside the PRC.

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.

## **HONG KONG TAXATION**

### **Withholding tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

### **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:

- (a) 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;
- (b) 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;
- (c) 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) (“**IRO**”) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) 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 and 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 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 publication of the final regulations defining “foreign passthru payment” 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. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

## SUMMARY OF DIFFERENCES BETWEEN PRC GAAP AND IFRS

*The Audited Financial Statements 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 differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer 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 as to the difference 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 Issuer, 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, there is no assurance 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 LC Bank, the Standby Letter of Credit and the terms of the offering, including the merits and risks involved. Each investor should consult its own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.*

### 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.

### LEASES

IFRS 16 — Leases is effective for the annual reporting period commencing 1 January 2019.

On 7 December 2018, the MOF issued revised the Accounting Standards for Business Enterprises No. 21 — Leases (the “**new PRC Leases Standards**”).

According to the transition requirements of the new PRC Leases Standards, as the Issuer is not listed overseas, the Issuer is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Leases Standards and IFRS 16 except for the effective date illustrated as above.

At present, the Issuer is using the Accounting Standards for Business Enterprises No. 21 issued by the MOF on February 2006 (the “**existing Leases Standards**”).

Under the existing Leases Standards, if a lease is classified as an operating lease, for lessees, the lease payments should be recognised as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit. For lessors, the lease income arising from an operating lease should be recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset is diminished.

Under the new PRC Leases Standards and IFRS 16, upon lease commencement a lessee recognises a right-of-use asset and a lease liability other than the two exemptions: leases with a lease term of 12 months or less and containing no purchase options; and leases where the underlying asset has a low value.

### **Accounting by lessees**

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

### **Accounting by lessors**

Lessors shall classify each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

### **GOVERNMENT GRANT**

Under PRC GAAP, a government subsidy is required to be recognised as capital surplus if it is stipulated as a capital invested by government in the provisions of the relevant documents, and an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

Under IFRS, such assets-related government grants are allowed to be presented in the consolidated balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 30 November 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers or as the Joint Lead Managers may direct, and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for or to procure subscribers to subscribe and pay for, the principal amount indicated in the following table.

<b>Joint Lead Managers</b>	<b>Principal amount of Bonds to be subscribed</b>
	(CNY)
Guosen Securities (HK) Capital Company Limited . . . . .	10,000,000
CLSA Limited. . . . .	35,968,000
JA Securities Limited. . . . .	35,968,000
Orient Securities (Hong Kong) Limited . . . . .	35,968,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	35,968,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	35,968,000
Essence International Securities (Hong Kong) Limited. . . . .	–
JQ Securities (Hong Kong) Limited . . . . .	35,968,000
Donghai International Securities (Hong Kong) Limited . . . . .	35,968,000
China Galaxy International Securities (Hong Kong) Co., Limited . . . . .	35,968,000
CNCB (Hong Kong) Capital Limited . . . . .	35,968,000
Guotai Junan Securities (Hong Kong) Limited. . . . .	35,968,000
<b>Total</b> . . . . .	<b>369,680,000</b>

The Subscription Agreement provides that the Joint Lead Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. 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 to the Issuer.

The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for their own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for their own account or for the accounts of their customers and enter into transactions, including credit derivative, 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 would 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).



In connection with the issue of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) or any person acting on their behalf may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing the Joint Lead Managers and/or their respective affiliate(s) or any person acting on its behalf shall act as principal and not as agent of the Issuer. However, there is no assurance that the Joint Lead Managers or their respective affiliate(s) or any person acting on their behalf will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but 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. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

### **IMPORTANT NOTICE TO CAPITAL MARKET INTERMEDIARIES (INCLUDING PRIVATE BANKS, IF ANY) PURSUANT TO PARAGRAPH 21 OF THE CODE**

This notice to capital market intermediaries (including Private Banks) is a summary of certain obligations the SFC Code imposes on capital market intermediaries, which require the attention and cooperation of other capital market intermediaries (including Private Banks). Certain capital market intermediaries may also be acting as overall coordinators for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a capital market intermediary or its group companies would be considered under the SFC Code as having an Association with the Issuer, the capital market intermediary or the relevant group company. Capital market intermediaries 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 capital market intermediary (including its group companies) and inform the Joint Lead Managers accordingly.

Capital market intermediaries 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.

Capital market intermediaries 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 capital market intermediaries). Capital market intermediaries should enquire with their investor clients regarding any orders which appear unusual or irregular. Capital market intermediaries should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any overall coordinators when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. Capital market intermediaries should not place “X-orders” into the order book.

Capital market intermediaries 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.

Capital market intermediaries (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, capital market intermediaries

(including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a capital market intermediary 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 capital market intermediaries.

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 SFC Code. Private Banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that Private Bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, capital market intermediaries (including Private Banks) that are subject to the SFC 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 SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: [guosendcm@guosen.com.hk](mailto:guosendcm@guosen.com.hk).

To the extent information being disclosed by capital market intermediaries and investors is personal and/or confidential in nature, capital market intermediaries (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any overall coordinators; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any overall coordinators. By submitting an order and providing such information to any overall coordinators, each capital market intermediary (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 overall coordinators and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Capital market intermediaries that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other capital market intermediaries (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 capital market intermediaries (including Private Banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

## **GENERAL**

The distribution of this Offering Circular or any offering material and the offering, sale or 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 advisors 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.

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

## **UNITED STATES**

The Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States 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.

Each of the Joint Lead Managers has represented, warranted and undertaken to the Issuer that:

- (i) it and its affiliates has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and
- (ii) neither it nor any of its affiliates (nor any person acting on behalf of any Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds.

## **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 any 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 undertaken 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 the Laws 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 the Laws of Hong Kong (the “C(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); 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 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.

## SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this 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 a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;

- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **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, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds nor any interest therein 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.

## **PRC**

Each of the Joint Lead Managers has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People’s Republic of China.

## **MACAU**

Each of the Joint Lead Managers has represented, warranted and agreed that 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, as approved by Decree Law no. 32/93/M dated 5 July 1993 (the “**MFSA**”), and Circulars no. 033/B/2010-DSB/AMCM, no. 009/B/2019-DSB/AMCM and no. 008/B/2021-DSB/AMCM (together, the “**AMCM Guidelines**”) 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 MFSA and the AMCM Guidelines, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the MFSA and the AMCM Guidelines and upon their communication to the Monetary Authority of Macau (“**AMCM**”) and the MOX (when applicable), in observation of the guidelines and recommendations issued by the Macau local regulatory authority (including AMCM and the MOX) from time to time.

## GENERAL INFORMATION

- Clearing Systems:** The Bonds have been accepted for clearance through CMU under CMU Instrument Code BOAKFB23029, with a Common Code 272442487 and the HK ISIN for the Bonds is HK0000968419. The Legal Entity Identifier of the Issuer is 655600WF7E0WYT71YN33.
- 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 resolutions of the board of directors of the Issuer dated 6 November 2023 and by resolutions of the sole shareholder of the Issuer dated 18 April 2022.
- No Material Adverse Change:** Save as 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 otherwise), prospects (financial or otherwise), results of operations or general affairs of the Issuer or the Group since 31 December 2022.
- Litigation:** None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.
- Available Documents:** For as long as any Bond is outstanding, copies of the Trust Deed, the Agency Agreement and 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.
- Financial Statements:** The Audited Financial Statements have been audited by WUYIGE. WUYIGE has given and not withdrawn its consent to the inclusion of its reports included in this Offering Circular in the form and context in which they appear.
- Listing:** Application will be made to the MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to the MOX Professional Investors only. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the merits of the Issuer or the Bonds.
- LC Bank Financial Statements:** Copies of the published audited consolidated financial statements and unaudited consolidated financial statements of PSBC, as well as its public filings, can be downloaded free of charge from the websites of PSBC and the Hong Kong Stock Exchange at [www.psbc.com/cn/](http://www.psbc.com/cn/) and [www.hkex.com.hk](http://www.hkex.com.hk), respectively. Such financial statements and public filings are not included in and do not form part of this Offering Circular. The information contained on the websites of PSBC and the Hong Kong Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Issuer, the Group, the Joint Lead Managers, the Trustee, the Account Banks or the Agents or any of their respective affiliates, directors, employees, officers, representatives, agents or advisers or any person who controls any of them, and none of them takes any responsibility for any information contained on the websites of PSBC and the Hong Kong Stock Exchange.

## INDEX TO THE FINANCIAL STATEMENTS

	<b>Page</b>
<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AS AT AND FOR THE THREE YEARS ENDED 31 DECEMBER 2022</b>	
Audit Report . . . . .	F-2
Consolidated Balance Sheet . . . . .	F-6
Consolidated Statement of Income . . . . .	F-8
Balance Sheet . . . . .	F-9
Statement of Income . . . . .	F-11
Consolidated Statement of Cash Flows . . . . .	F-12
Statement of Cash Flows . . . . .	F-13
Consolidated Statement of Changes in Equity . . . . .	F-14
Statement of Changes in Equity . . . . .	F-17
Notes to the Financial Statements . . . . .	F-20



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# Audit Report

Da Xin Shen Zi [2023] No. 2-00528

## **Huangshi Urban Development Investment Group Co., Ltd.**

### 1.Opinion

We have audited the attached financial statements of Huangshi Urban Development Investment Group Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2022 December 31, 2021 and December 31, 2020, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the years then ended and notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated financial positions and the Company's financial positions as at December 31, 2022, December 31, 2021 and December 31, 2020 and the consolidated operating results and cash flows and the Company's operating results and cash flows for the years then ended.

### 2.Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this audit report. According to the Code of Ethics for Chinese certified public accountant, we are independent of the Company, and





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we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3.Responsibilities of Management and Those Charged with Governance for the financial statements

The management is responsible for preparing the financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### 4. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise



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professional judgment and maintain professional skepticism. Meanwhile, we also:

4.1 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

4.2 Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

4.3 Evaluate the properness of accounting policy selected by the management and the rationality of accounting estimate and related disclosure.

4.4 Conclude on the appropriateness of the Management's use of the going concern basis of accounting. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

4.5 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

4.6 Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial



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statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



China . Beijing

Certified Public Accountant of China



Certified Public Accountant of China



April 25, 2023



# Consolidated Balance Sheet

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	As at 31/12/2022	As at 31/12/2021	As at 31/12/2020
<b>Current assets:</b>				
Cash at bank and on hand	5.1	11,135,414,026.67	10,588,829,153.47	8,971,290,035.87
Financial assets held for trading	5.2		3,326,353.42	
Derivative financial assets				
Notes receivable	5.3	14,093,898.17	24,000.00	775,030.00
Accounts receivable	5.4	10,025,471,494.87	11,310,152,885.56	10,766,840,514.60
Receivables for financing	5.5		10,000,000.00	
Prepayments	5.6	1,428,022,083.60	1,807,411,932.37	610,341,560.03
Other receivables	5.7	9,557,387,938.25	7,615,051,337.23	10,297,493,157.81
Including: Interest receivable			281,000.00	233,500.00
Dividends receivable				
Inventories	5.8	35,188,602,645.67	30,497,271,086.99	26,404,559,157.69
Contract assets				
Held-for-sale assets				
<b>Non-current assets due within one year</b>				
Other current assets	5.9	212,088,578.96	177,448,908.80	144,846,083.07
<b>Total current assets</b>		<b>67,561,080,666.19</b>	<b>62,009,515,657.84</b>	<b>57,196,145,539.07</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets	5.10			690,985,385.80
Other debt investments				
Long-term receivables	5.11	87,240,000.00	10,000,000.00	10,000,000.00
Long-term equity investments	5.12	1,245,430,030.20	820,026,683.73	593,640,948.47
Other equity instrument investments	5.13	792,720,591.69	709,241,335.80	
Other non-current financial assets	5.14	120,000,000.00	120,000,000.00	
Investment property	5.15	1,377,881,827.80	1,330,721,354.00	788,612,757.00
Fixed assets	5.16	13,393,253,596.26	11,999,068,262.84	11,399,772,723.87
Construction in process	5.17	31,255,412,024.44	27,579,221,265.30	22,412,970,859.26
Productive biological assets		377,734,838.95	377,685,538.95	596,238.95
Oil and gas assets				
Right-of-use assets	5.18	4,999,341.23	57,094,118.10	
Intangible assets	5.19	13,619,539,275.76	10,713,693,375.72	7,529,202,567.04
Development expenditures		1,743,122.64		
Goodwill		9,674,268.74	9,674,268.74	9,674,268.74
Long-term deferred expenses	5.21	44,616,666.12	28,307,967.67	29,270,218.35
Deferred tax assets	5.20	38,531,522.80	20,391,935.72	
Other non-current assets		1,757,362,612.00	1,782,362,612.00	1,735,054,412.00
<b>Total non-current assets</b>		<b>64,126,139,718.63</b>	<b>55,557,488,718.57</b>	<b>45,199,780,379.48</b>
<b>Total of assets</b>		<b>131,687,220,384.82</b>	<b>117,567,004,376.41</b>	<b>102,395,925,918.55</b>

Person in charge of the company department:

徐程  
印正

Person in charge accounting function:

陈念

Person in charge of accounting

胡浩云

# Consolidated Balance Sheet (Continued)

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	As at 31/12/2022	As at 31/12/2021	As at 31/12/2020
<b>Current liabilities:</b>				
Short-term loans	5.22	3,332,000,000.00	2,717,693,061.85	3,042,703,437.40
Financial liabilities held for trading				
Derivative financial liabilities				
Notes payable	5.23	66,734,271.79	184,744,278.14	
Accounts payable	5.24	2,005,565,772.34	1,291,507,166.90	738,250,431.04
Advances from customers	5.25	824,923.66	9,018,453.75	2,103,112,329.77
Contract liabilities	5.26	915,076,099.91	1,494,885,743.24	
Employee benefits payable	5.27	10,149,472.32	7,873,277.08	10,859,269.76
Taxes and surcharges payable	5.28	1,049,003,140.14	869,808,999.99	645,205,176.74
Other payables	5.29	5,442,895,872.17	4,077,535,512.60	6,543,926,061.29
Including: Interest payable				297,247,137.86
Dividends payable				
Held-for-sale liabilities				
Non-current liabilities due within one year	5.30	21,009,505,863.02	11,192,884,343.24	5,954,960,214.34
Other current liabilities		878,335,970.56	517,632,675.37	262,010.00
<b>Total current liabilities</b>		<b>34,710,091,385.91</b>	<b>22,363,583,512.16</b>	<b>19,039,278,930.34</b>
<b>Non-current liabilities:</b>				
Long-term loans	5.31	14,675,095,994.89	12,310,741,677.83	11,848,122,199.78
Bonds payable	5.32	25,309,915,945.92	23,908,045,523.02	18,045,563,991.86
Lease liabilities		3,797,342.26	54,150,864.93	
Other long-term payables	5.33	5,396,021,814.68	10,346,906,715.36	10,006,310,376.52
Long-term employee benefits payable				
Provisions				
Deferred income		53,675,250.99	53,375,657.43	58,211,210.26
Deferred tax liabilities	5.20	154,739,194.75	154,739,194.75	155,064,637.00
Other non-current liabilities		10,249,499.67		
<b>Total non-current liabilities</b>		<b>45,603,495,043.16</b>	<b>46,827,959,633.32</b>	<b>40,113,272,415.42</b>
<b>Total liabilities</b>		<b>80,313,586,429.07</b>	<b>69,191,543,145.48</b>	<b>59,152,551,345.76</b>
<b>Shareholders' equity:</b>				
Share capital	5.34	1,500,000,000.00	1,500,000,000.00	1,500,000,000.00
Other equity instruments	5.35		298,200,000.00	745,500,000.00
Including: Preference shares				
Perpetual loans				
Capital reserve	5.36	34,067,544,817.86	32,381,619,146.13	29,433,169,530.76
Less: treasury shares				
Other comprehensive income	5.37	471,975,084.43	463,989,279.00	463,989,279.00
Special reserve		14,224,262.11	8,074,711.95	389,965.27
Surplus reserve		18,241,502.70	15,454,770.90	6,900,962.26
Retained earnings	5.38	8,439,818,679.91	7,895,964,832.50	7,432,207,618.12
Equity attributable to parent company		44,511,804,347.01	42,563,302,740.48	39,582,157,355.41
Minority interests		6,861,829,608.74	5,812,158,490.45	3,661,217,217.38
<b>Total equity</b>		<b>51,373,633,955.75</b>	<b>48,375,461,230.93</b>	<b>43,243,374,572.79</b>
<b>Total liabilities and equity</b>		<b>131,687,220,384.82</b>	<b>117,567,004,376.41</b>	<b>102,395,925,918.55</b>

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:

栋程  
印正

陈念

胡冲云



## Consolidated Statement of Income

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2020
1. Operating income	5.39	5,955,354,081.32	5,782,845,788.93	4,767,877,277.14
Less: Operating costs	5.39	4,842,580,481.24	4,456,750,329.96	3,685,489,368.49
Taxes and surcharges		36,571,746.92	51,201,107.09	23,106,243.21
Selling and distribution expenses		27,134,156.38	38,704,532.07	45,181,275.46
General and administrative expenses		470,432,714.21	497,074,852.83	524,723,806.64
Research and development expenses				
Finance expenses	5.40	49,458,246.70	75,598,993.51	98,324,021.96
Including: Interest expenses		85,859,154.06	93,361,403.16	110,849,437.23
Interest income		37,613,793.67	21,562,528.29	14,253,373.26
Add: Other income	5.41	281,153,640.79	283,773,551.16	256,180,830.53
Investment income ("-" for loss)	5.42	66,296,911.89	88,005,550.88	52,534,878.10
Including: Investment income from associates and joint ventures		54,348,445.46	65,929,512.92	41,951,262.66
Income from derecognition of financial assets measured at amortised cost				
Net exposure hedging gains ("-" for loss)				
Gain from fair value changes ("-" for loss)	5.43		-1,301,769.00	592,700.42
Credit impairment losses ("-" for loss)	5.44	-170,125,932.82	-112,576,659.63	
Impairment on assets ("-" for loss)	5.45		2,011.94	-58,819,121.59
Gains from disposal of assets ("-" for loss)	5.46	25,847,385.69	495,399.89	-4,418,071.19
2. Operating profits ("-" for loss)		732,348,741.42	921,914,058.71	637,123,777.65
Add: Non-operating income	5.47	52,536,650.52	12,087,551.69	60,944,650.18
Less: Non-operating expenses	5.48	9,480,743.26	7,546,353.02	34,609,474.69
3. Profit before tax ("-" for loss)		775,404,648.68	926,455,257.38	663,458,953.14
Less: income tax expenses	5.49	113,640,968.09	192,856,667.67	111,484,904.78
4. Net profit ("-" for net loss)		661,763,680.59	733,598,589.71	551,974,048.36
Categorized by going concern basis		661,763,680.59	733,598,589.71	551,974,048.36
1. Profit or loss from continuing operations		661,763,680.59	733,598,589.71	551,974,048.36
2. Profit or loss from discontinued operations				
Categorized by ownership		661,763,680.59	733,598,589.71	551,974,048.36
1. Net profit attributable to parent company		600,440,579.21	655,175,525.68	511,157,785.55
2. Profit/loss attributable to minority shareholders		61,323,101.38	78,423,064.03	40,816,262.81
5. Other comprehensive income net of tax		7,985,805.43		
Total comprehensive income attributable to shareholders of parent company		7,985,805.43		
(1) Comprehensive income not to be reclassified to profit or loss				
1) Changes in remeasurement of defined benefit obligations				
2) Other comprehensive income not to be reclassified to profit or loss in equity method				
3) Fair value changes in other equity instrument investments				
4) Fair value changes in the enterprise's own credit risk				
(2) Comprehensive income to be reclassified to profit or loss		7,985,805.43		
1) Other comprehensive income to be reclassified to profit or loss in equity method				
2) Gain or loss from fair value changes of other debt instruments				
3) The amount of financial assets reclassified to other comprehensive income				
4) Credit impairment provision of other debt investment				
5) Cash flow hedging reserve				
6) Currency translation difference				
7) Others		7,985,805.43		
Other comprehensive income attributable to minority share-holders, net of tax				
6. Total comprehensive income		669,749,486.02	733,598,589.71	551,974,048.36
(1) Total comprehensive income attributable to shareholders of parent company		608,426,384.64	655,175,525.68	511,157,785.55
(2) Total comprehensive income attributable to minority shareholders		61,323,101.38	78,423,064.03	40,816,262.81

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:



陈念

胡浩云



# Balance Sheet

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	As at 31/12/2022	As at 31/12/2021	As at 31/12/2020
<b>Current assets:</b>				
Cash at bank and on hand		3,107,031,909.81	3,284,332,146.00	1,215,332,238.24
Financial assets held for trading				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables for financing				
Prepayments				
Other receivables	10.1	18,741,784,952.65	13,927,516,238.23	5,673,024,246.09
Including: Interest receivable				
Dividends receivable				
Inventories				
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets		183,477.44		
<b>Total current assets</b>		<b>21,849,000,339.90</b>	<b>17,211,848,384.23</b>	<b>6,888,356,484.33</b>
<b>Non-current assets:</b>				
Debt investments				
Other debt investments				
Long-term receivables				
Long-term equity investments	10.2	35,709,128,259.69	35,856,795,315.55	35,857,685,537.02
Other equity instrument investments				
Other non-current financial assets				
Investment property				
Fixed assets		2,697,460,100.00	2,697,460,100.00	2,697,460,100.00
Construction in process				
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets		105,686,893.81	104,940,000.00	
Development expenditures				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets				
<b>Total non-current assets</b>		<b>38,512,275,253.50</b>	<b>38,659,195,415.55</b>	<b>38,555,145,637.02</b>
<b>Total of assets</b>		<b>60,361,275,593.40</b>	<b>55,871,043,799.78</b>	<b>45,443,502,121.35</b>

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:

栋程  
印正

陈念

胡洪云

# Balance Sheet (Continued)

编制单位 Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	As at 31/12/2022	As at 31/12/2021	As at 31/12/2020
<b>Current liabilities:</b>				
Short-term loans		200,000,000.00	200,000,000.00	350,000,000.00
Financial liabilities held for trading				
Derivative financial liabilities				
Notes payable				
Accounts payable		155,000,000.00		
Advances from customers				
Contract liabilities				
Employee benefits payable				
Taxes and surcharges payable		22,000.00	27,500.00	
Other payables		404,817,987.29	7,236,001,201.44	5,184,539,532.69
Including: Interest payable				
Dividends payable				
Held-for-sale liabilities				
Non-current liabilities due within one year		6,045,489,433.37	308,333,333.32	308,333,333.32
Other current liabilities				
Total current liabilities		6,805,329,420.66	7,744,362,034.76	5,842,872,866.01
<b>Non-current liabilities:</b>				
Long-term loans		640,000,000.00	900,000,000.00	500,000,000.00
Bonds payable		16,005,000,000.00	8,140,000,000.00	440,000,000.00
Lease liabilities				
Other long-term payables		658,700,599.45	2,468,731,667.91	2,055,886,666.69
Long-term employee benefits payable				
Provisions				
Deferred income				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		17,303,700,599.45	11,508,731,667.91	2,995,886,666.69
Total liabilities		24,109,030,020.11	19,253,093,702.67	8,838,759,532.70
<b>Shareholders' equity:</b>				
Share capital		1,500,000,000.00	1,500,000,000.00	1,500,000,000.00
Other equity instruments				
Including: Preference shares				
Perpetual loans				
Capital reserve		34,603,342,746.32	34,963,402,388.12	35,035,732,966.07
Less: treasury shares				
Other comprehensive income		7,985,805.43		
Special reserve				
Surplus reserve		18,241,502.70	15,454,770.90	6,900,962.26
Retained earnings		122,675,518.84	139,092,938.09	62,108,660.32
Total equity		36,252,245,573.29	36,617,950,097.11	36,604,742,588.65
Total liabilities and equity		60,361,275,593.40	55,871,043,799.78	45,443,502,121.35

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:





# Statement of Income

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

Unit: RMB Yuan

Item	Note	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2020
1. Operating income		23,690,762.02	2,357,791.91	
Less: Operating costs				
Taxes and surcharges		742,203.52	4,545,206.71	
Selling and distribution expenses				
General and administrative expenses		2,012,853.45	3,326,956.00	4,761,271.00
Research and development expenses				
Finance expenses		-967,807.50	-56,261,893.92	-11,487.53
Including: Interest expenses				
Interest income		1,001,712.45	56,298,775.61	24,893.35
Add: Other income		256,317.76		
Investment income ("-" for loss)	10.3	7,318,236.74	35,790,662.58	34,349,970.74
Including: Investment income from associates and joint ventures		-14,034,362.72	440,356.48	45,142.61
Income from derecognition of financial assets measured at amortised cost				
Net exposure hedging gains ("-" for loss)				
Gain from fair value changes ("-" for loss)				
Credit impairment losses ("-" for loss)		-110,201.07	-381,521.10	
Impairment on assets				3,254,199.30
Gains from disposal of assets ("-" for loss)				
2. Operating profits ("-" for loss)		29,367,865.98	86,156,664.60	32,854,386.57
Add: Non-operating income			293,983.81	
Less: Non-operating expenses		547.94	912,562.00	2,500,000.00
3. Profit before tax ("-" for loss)		29,367,318.04	85,538,086.41	30,354,386.57
Less: income tax expenses				
4. Net profit ("-" for net loss)		29,367,318.04	85,538,086.41	30,354,386.57
Profit or loss from continuing operations ("-" for loss)		29,367,318.04	85,538,086.41	30,354,386.57
Profit or loss from discontinued operations ("-" for loss)				
5. Other comprehensive income net of tax				
(1) Comprehensive income not to be reclassified to profit or loss				
(2) Comprehensive income to be reclassified to profit or loss				
6. Total comprehensive income		29,367,318.04	85,538,086.41	30,354,386.57

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:

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# Consolidated Statement of Cash Flows

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

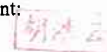
Unit: RMB Yuan

Item	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2020
<b>1. Cash flows from operating activities</b>			
Cash received from sales and services	6,093,800,872.86	4,540,325,285.19	3,525,998,610.22
Taxes and surcharges refunds	1,651,524.09	2,728.50	
Cash received related to other operating activities	432,578,994.49	323,404,833.31	290,790,305.22
Total cash inflows from operating activities	6,528,031,391.44	4,863,732,847.00	3,816,788,915.44
Cash paid for goods and services	4,938,255,604.61	3,906,194,142.84	2,960,775,761.37
Cash paid to and for employees	539,620,311.90	554,282,613.16	512,351,054.67
Taxes and surcharges cash payments	178,141,454.11	186,354,218.86	140,088,286.06
Cash paid related to other operating activities	864,533,662.68	216,667,587.51	394,892,022.29
Total cash outflows from operating activities	6,520,551,033.30	4,863,498,562.37	4,008,107,124.39
Net cash flows from operating activities	7,480,358.14	234,284.63	-191,318,208.95
<b>2. Cash flows from investing activities:</b>			
Cash received from withdraw of investments	65,648,537.53	18,952,650.00	459,796,951.20
Cash received from investment income	19,964,893.99	29,173,692.00	191,872,935.44
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets	4,681,627.07	124,456.43	
Net cash received from disposal of subsidiaries and other business units			168,070,799.56
Cash received related to other investing activities	12,461.00	8,662,000.00	
Total cash inflows from investing activities	90,307,519.59	56,912,798.43	819,740,686.20
Cash paid for property, plant and equipment, intangible assets and other long-term assets	5,981,614,770.94	3,967,637,267.46	5,547,305,354.77
Cash payments for investments	443,801,440.00	301,300,000.00	228,470,000.00
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities	1,010,950,000.00	159,769,900.00	1,699,776,637.83
Total cash outflows from investing activities	7,436,366,210.94	4,428,707,167.46	7,475,551,992.60
Net cash flows from investing activities	-7,346,058,691.35	-4,371,794,369.03	-6,655,811,306.40
<b>3. Cash flows from financing activities:</b>			
Cash received from investments by others	675,414,500.00	143,129,000.00	591,489,746.77
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings	6,439,608,780.14	5,921,399,416.26	7,339,001,555.07
Cash received from bonds issue	18,320,000,000.00	14,300,000,000.00	9,584,350,000.00
Cash received related to other financing activities	2,229,497,269.55	4,529,800,602.48	3,964,712,455.99
Total cash inflows from financing activities	27,664,520,549.69	24,894,329,018.74	21,479,553,757.83
Cash repayments for debts	11,194,497,531.43	10,818,790,313.76	7,180,645,920.36
Cash payments for distribution of dividends, profit and interest expenses	2,999,581,755.59	3,226,580,196.10	2,673,244,494.89
Including: dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities	6,253,704,934.36	5,252,057,533.17	2,233,651,714.02
Total cash outflows from financing activities	20,447,784,221.38	19,297,428,043.03	12,087,542,129.27
Net cash flows from financing activities	7,216,736,328.31	5,596,900,975.71	9,392,011,628.56
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>5. Net increase in cash and cash equivalents</b>	-121,842,004.91	1,225,340,891.31	2,544,882,113.21
Add: beginning balance of cash and cash equivalents	9,879,021,735.18	8,653,680,843.87	6,108,798,730.66
<b>6. Ending balance of cash and cash equivalents</b>	9,757,179,730.27	9,879,021,735.18	8,653,680,843.87

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:



# Statement of Cash Flows

Prepared by: Huangshi Urban Development Investment Group Co., Ltd

Unit: RMB Yuan

Item	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2020
<b>1. Cash flows from operating activities</b>			
Cash received from sales and services	23,432,038.83	2,357,791.91	
Taxes and surcharges refunds			
Cash received related to other operating activities	1,002,112.45	3,000.00	24,893.35
Total cash inflows from operating activities	24,434,151.28	2,360,791.91	24,893.35
Cash paid for goods and services			
Cash paid to and for employees			
Taxes and surcharges cash payments	1,051,735.10	4,541,839.12	
Cash paid related to other operating activities	11,699,413,389.61	10,266,335.49	7,259,671.00
Total cash outflows from operating activities	11,700,465,124.71	14,808,174.61	7,259,671.00
Net cash flows from operating activities	-11,676,030,973.43	-12,447,382.70	-7,234,777.65
<b>2. Cash flows from investing activities:</b>			
Cash received from withdraw of investments			
Cash received from investment income	21,352,599.46	14,542,289.24	34,304,828.13
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities	21,352,599.46	14,542,289.24	34,304,828.13
Cash paid for property, plant and equipment, intangible assets and other long-term assets	746,893.81	104,940,000.00	
Cash payments for investments	209,000,000.00	121,000,000.00	212,020,000.00
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities		5,600,000,000.00	1,380,876,408.61
Total cash outflows from investing activities	209,746,893.81	5,825,940,000.00	1,592,896,408.61
Net cash flows from investing activities	-188,394,294.35	-5,811,397,710.76	-1,558,591,580.48
<b>3. Cash flows from financing activities:</b>			
Cash received from investments by others			
Cash received from borrowings	440,000,000.00	1,100,000,000.00	850,000,000.00
Cash received from bonds issue	13,300,000,000.00	7,700,000,000.00	
Cash received related to other financing activities	155,000,000.00	1,200,000,000.00	1,851,720,000.00
Total cash inflows from financing activities	13,895,000,000.00	10,000,000,000.00	2,701,720,000.00
Cash repayments for debts	1,270,000,000.00	1,370,000,000.00	140,000,000.00
Cash payments for distribution of dividends, profit and interest expenses			
Cash paid related to other financing activities	937,874,968.41	737,154,998.78	310,833,333.31
Total cash outflows from financing activities	2,207,874,968.41	2,107,154,998.78	450,833,333.31
Net cash flows from financing activities	11,687,125,031.59	7,892,845,001.22	2,250,886,666.69
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>5. Net increase in cash and cash equivalents</b>	-177,300,236.19	2,068,999,907.76	685,060,308.56
Add: beginning balance of cash and cash equivalents	3,284,332,146.00	1,215,332,238.24	530,271,929.68
<b>6. Ending balance of cash and cash equivalents</b>	3,107,031,909.81	3,284,332,146.00	1,215,332,238.24

Person in charge of the company:

Person in charge accounting function:

Person in charge of accounting department:

栋程  
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# Consolidated Statement of Changes in Equity

Unit: RMB Yuan

Prepared by: Huangshi Urban Development Investment Group Co., Ltd.

	Year 2022											
	Equity attributable to shareholders of parent company										Total equity	
	Share capital	Other equity instruments		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Minority interests
Preference shares	Perpetual loans	Others	Others	Others	Others	Others	Others	Others	Others	Others		
1. Ending balance of last year	1,500,000,000.00		298,200,000.00	32,381,619,146.13		463,989,279.00	8,074,711.95	15,454,770.90	7,895,964,832.50	42,563,302,740.48	5,812,158,490.45	48,375,461,230.93
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Business combination under common control												
Others												
2. Beginning balance of current year	1,500,000,000.00		298,200,000.00	32,381,619,146.13		463,989,279.00	8,074,711.95	15,454,770.90	7,895,964,832.50	42,563,302,740.48	5,812,158,490.45	48,375,461,230.93
3. Movement for current year ("-" for decrease)			-298,200,000.00	1,685,925,671.73		7,985,805.43	6,149,550.16	2,786,731.80	543,853,847.41	1,948,501,606.53	1,049,671,118.29	2,998,172,724.82
(1) Total comprehensive income					7,985,805.43				600,440,579.21	608,426,384.64	61,323,101.38	669,749,486.02
(2) Shareholder's contributions and withdrawals of capital				1,685,925,671.73						1,387,725,671.73	988,348,016.91	2,376,073,688.64
(3) Common stock contributed by shareholders										-298,200,000.00		
(4) Capital contributed by other equity instruments holders												
(5) Share-based payment recorded in shareholder's equity												
(6) Others												
(7) Profits distribution				1,685,925,671.73				2,786,731.80	-56,586,731.80	1,685,925,671.73	988,348,016.91	2,674,273,688.64
1) Appropriation of surplus reserve												
2) Distribution to shareholders									-2,786,731.80	-53,800,000.00		-53,800,000.00
(8) Others												
(9) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Change of defined benefit obligations carried forward to retained earnings												
5) Other comprehensive income carried forward to retained earnings												
(10) Others												
(11) Special reserve							6,149,550.16			6,149,550.16		6,149,550.16
1) Accrual of special reserve												
2) Utilization of special reserve												
(12) Others							6,149,550.16			6,149,550.16		6,149,550.16
4. Ending balance of current year	1,500,000,000.00			34,067,544,817.86		471,975,084.43	14,224,262.11	18,241,502.70	8,439,818,679.91	44,511,804,347.01	6,861,829,608.74	51,373,633,955.75

Person in charge of accounting function:

Person in charge of accounting department:

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## Consolidated Statement of Changes in Equity

Unit: RMB Yuan

Prepared by: H. H. Wangshi Urban Development Investment Group Co., Ltd.

Item	Year 2021											Total equity	
	Equity attributable to shareholders of parent company												
	Share capital	Preference shares	Perpetual loans	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Minority interests
1. Ending balance of last year	1,500,000,000.00			745,500,000.00	29,433,169,530.76		463,989,279.00	389,965.27	6,900,962.26	7,432,207,618.12	39,582,157,555.41	3,664,217,217.38	43,243,374,572.79
Add: Impact from changes in accounting policies										-124,514,502.66	-124,514,502.66	-15,316,946.21	-140,831,448.87
Impact from corrections of errors in prior period													
Business combination under common control													
Others													
2. Beginning balance of current year	1,500,000,000.00			745,500,000.00	29,433,169,530.76		463,989,279.00	389,965.27	6,900,962.26	7,307,693,115.46	39,457,642,852.75	3,644,900,271.17	43,102,543,123.92
3. Movement for current year ("-" for decrease)				-447,500,000.00	2,948,449,615.37			7,684,746.68	8,553,808.64	588,271,717.04	3,105,659,887.73	2,167,238,219.28	5,272,918,107.01
(1) Total comprehensive income										655,175,525.68	655,175,525.68	78,423,064.03	733,598,589.71
(2) Shareholder's contributions and withdrawals of capital													
1) Common stock contributed by shareholders				-447,500,000.00	2,948,449,615.37						2,501,149,615.37	2,088,835,155.25	4,589,984,770.62
2) Capital contributed by other equity instruments holders													
3) Share-based payment recorded in shareholder's equity													
4) Others				-447,500,000.00	2,948,449,615.37						-447,500,000.00		
(3) Profits distribution									8,553,808.64	-66,903,808.64	2,948,449,615.37	2,088,835,155.25	5,037,284,770.62
1) Appropriation of surplus reserve									8,553,808.64	-8,553,808.64	-58,350,000.00		-58,350,000.00
2) Distribution to shareholders										-58,350,000.00	-58,350,000.00		-58,350,000.00
3) Others													
(4) Internal transfer within shareholder's equity													
1) Conversion of capital reserve into share capital													
2) Conversion of surplus reserve into share capital													
3) Recover of loss by surplus reserve													
4) Change of defined benefit obligations carried forward to retained earnings													
5) Other comprehensive income carried forward to retained earnings													
6) Others													
(5) Special reserve								7,684,746.68			7,684,746.68		7,684,746.68
1) Accrual of special reserve								7,684,746.68			7,684,746.68		7,684,746.68
2) Utilization of special reserve													
(6) Others													
4. Ending balance of current year	1,500,000,000.00			298,200,000.00	32,381,619,146.13		463,989,279.00	8,074,711.95	15,454,770.90	7,895,964,832.50	42,563,302,740.48	5,812,158,490.45	48,375,461,230.93

Person in charge of accounting function:

Person in charge of accounting department:

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Consolidated Statement of Changes in Equity (Continued)

Unit: RMB Yuan

Prepared by: Huangshi Urban Investment Group Co., Ltd.

	Year 2020											
	Equity attributable to shareholders of parent company											
	Share capital	Other equity instruments		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
	Preference shares	Perpetual loans	Others									
1. Ending balance of last year	1,500,000,000.00		745,500,000.00		28,330,077,073.97			3,865,523.60	7,001,565,271.23	38,045,151,756.87	2,853,332,605.96	40,898,484,362.83
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Business combination under common control												
Others												
2. Beginning balance of current year	1,500,000,000.00		745,500,000.00		28,330,077,073.97			3,865,523.60	7,001,565,271.23	38,045,151,756.87	2,853,332,605.96	40,898,484,362.83
3. Movement for current year("+" for increase, "-" for decrease)					1,103,092,456.79			3,035,438.66	430,642,346.89	1,537,005,598.54	807,884,611.42	2,344,890,209.96
(1) Total comprehensive income										511,157,785.55	40,816,262.81	551,974,048.36
(2) Shareholder's contributions and withdrawals of capital					1,103,092,456.79					1,103,092,456.79	767,068,348.61	1,870,160,805.40
(3) Common stock contributed by shareholders												
(4) Capital contributed by other equity instruments holders												
(5) Share-based payment recorded in shareholder's equity												
(6) Others												
(7) Profits distribution								3,035,438.66	-80,515,438.66	-77,480,000.00		1,870,160,805.40
(8) Appropriation of surplus reserve								3,035,438.66	-3,035,438.66			-77,480,000.00
(9) Distribution to shareholders									-77,480,000.00	-77,480,000.00		-77,480,000.00
(10) Others												
(11) Internal transfer within shareholder's equity												
(12) Conversion of capital reserve into share capital												
(13) Conversion of surplus reserve into share capital												
(14) Recover of loss by surplus reserve												
(15) Change of defined benefit obligations carried forward to retained earnings												
(16) Other comprehensive income carried forward to retained earnings												
(17) Others												
(18) Special reserve										235,356.20		235,356.20
(19) Accrual of special reserve										235,356.20		235,356.20
(20) Utilization of special reserve												
(21) Others												
4. Ending balance of current year	1,500,000,000.00		745,500,000.00		29,433,169,530.76			6,900,962.26	7,432,207,618.12	39,582,157,355.41	3,661,217,217.38	43,243,374,572.79

Person in charge of the company: 陈念

Person in charge of accounting department: 胡洪云



# Statement of Changes in Equity

Unit: RMB Yuan

Item	Year 2022											
	Share capital		Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
	1. Issued	2. Reserve	Preference shares	Perpetual loans	Others							
1. Ending balance of last year	1,500,000,000.00					34,963,402,388.12				15,454,770.90	139,092,938.09	36,617,950,097.11
Add: Impact from changes in accounting policy												
Impact from corrections of errors in prior period												
Others												
2. Beginning balance of current year	1,500,000,000.00					34,963,402,388.12				15,454,770.90	139,092,938.09	36,617,950,097.11
3. Movement for current year ("-" for decrease)						-360,059,641.80		7,985,805.43		2,786,731.80	-16,417,419.25	-365,704,523.82
(1) Total comprehensive income								7,985,805.43				
(2) Shareholder's contributions and withdrawals of capital												
1) Common stock contributed by shareholders												
2) Capital contributed by other equity instruments holders												
3) Share-based payment recorded in shareholder's equity												
4) Others												
(3) Profits distribution												
1) Appropriation of surplus reserve												
2) Distribution to shareholders												
3) Others												
(4) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Change of defined benefit obligations carried forward to retained earnings												
5) Other comprehensive income carried forward to retained earnings												
6) Others												
(5) Special reserve												
1) Accrual of special reserve												
2) Utilization of special reserve												
(6) Others												
4. Ending balance of current year	1,500,000,000.00					34,603,342,746.32		7,985,805.43		18,241,502.70	122,675,518.84	36,252,245,573.29

Person in charge of accounting function:

Person in charge of accounting department:

胡浩云

胡浩云

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# Statement of Changes in Equity

Unit: RMB Yuan

Year 2021

Prepared by: Huangshu Urban Development Investment Group Co., Ltd.

	Share capital		Other equity/instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
	Preference shares	Perpetual loans	Others									
1. Ending balance of last year	1,500,000,000.00					35,035,732,966.07				6,900,962.26	62,108,660.32	36,604,742,588.65
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Others												
2. Beginning balance of current year	1,500,000,000.00					35,035,732,966.07				6,900,962.26	62,108,660.32	36,604,742,588.65
3. Movement for current year ("+" for increase)						-72,330,577.95				8,553,808.64	76,984,277.77	13,207,508.46
(1) Total comprehensive income											85,538,086.41	85,538,086.41
(2) Shareholder's contributions and withdrawals of capital												
1) Common stock contributed by shareholders												
2) Capital contributed by other equity instruments holders												
3) Share-based payment recorded in shareholder's equity												
4) Others												
(3) Profit distribution												
1) Appropriation of surplus reserve												
2) Distribution to shareholders												
3) Others												
(4) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Change of defined benefit obligations carried forward to retained earnings												
5) Other comprehensive income carried forward to retained earnings												
6) Others												
(5) Special reserve												
1) Accrual of special reserve												
2) Utilization of special reserve												
(6) Others												
4. Ending balance of current year	1,500,000,000.00					34,963,402,388.12				15,454,770.90	139,092,938.09	36,617,950,097.11

Person in charge of the company:

Person in charge of accounting function:

Person in charge of accounting department:





# Statement of Changes in Equity (Continued)

Unit: RMB Yuan

Prepared by: Jiangnan Urban Development Investment Group Co., Ltd.

Item	Share capital			Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
	Preference shares	Perpetual loans		Others	Less: treasury shares	Other comprehensive income							
		Others	Others										
1 Ending balance of last year		1,500,000,000.00					35,065,333,055.39				3,865,523.60	34,789,712.41	36,603,988,291.40
Add Impact from changes in accounting policies													
Impact from corrections of errors in prior period													
Others													
2 Beginning balance of current year (for decrease)		1,500,000,000.00					35,065,333,055.39				3,865,523.60	34,789,712.41	36,603,988,291.40
3 Movement for current year (for decrease)							-29,600,089.32				3,035,438.66	27,318,947.91	754,297.25
(1) Total comprehensive income													
(2) Shareholder's contributions and withdrawals of capital													
1) Common stock contributed by shareholders													
2) Capital contributed by other equity instruments holders													
3) Share-based payment recorded in shareholder's equity													
4) Others													
(3) Profits distribution													
1) Appropriation of surplus reserve													
2) Distribution to shareholders													
3) Others													
(4) Internal transfer within shareholder's equity													
1) Conversion of capital reserve into share capital													
2) Conversion of surplus reserve into share capital													
3) Recover of loss by surplus reserve													
4) Changes of defined benefit obligations carried forward to retained earnings													
5) Other comprehensive income carried forward to retained earnings													
6) Others													
(5) Special reserve													
1) Accrual of special reserve													
2) Utilization of special reserve													
(6) Others													
4 Ending balance of current year		1,500,000,000.00					35,035,732,966.07				6,900,962.26	62,108,660.32	36,604,742,588.65

Person in charge of accounting function:

陈念

Person in charge of accounting department:

胡浩云

陈程 印正

# Huangshi Urban Development Investment Group Co., Ltd.

## Notes to the Financial Statements

(Amounts herein are expressed in Renminbi unless otherwise stated)

### 1. Company profile

#### 1.1 The Company's place of registration, organizational form and address of headquarters

Huangshi Urban Development Investment Group Co., Ltd., founded on November 28, 2012, is a wholly state-owned company established upon approval by the Huangshi Administration for Industry and Commerce.

Legal representative: Chen Zhengdong

Registered place: No.28 Cihu East Road, Huangshi City

Unified Social Credit Code 914202000581081880

Registered capital: RMB 1500 million

Economic nature: limited liability company (wholly state-owned)

#### 1.2 Business nature and main business activities of the Company

Business scope: operation and management of state-owned assets and state-owned equity within the scope authorized by the municipal government; investment in urban infrastructure construction projects designated by the municipal government; exercise of rights of investors; land development; operation of government-authorized urban franchise business; investment in, and development, operation and management of local railways; development and operation of urban cultural tourism projects; real estate development and operation; bid invitation agency for engineering projects and engineering cost consultation; house leasing and site leasing; property management; parking operation and management; investment in the medical care and elderly care industry (not engaged in financial business such as absorbing public deposits, absorbing public deposits in disguised form, and granting loans); vocational skills training; wholesale and retail of medical devices and drugs; health consultation; software development; technology development, consultation and transfer in the medical care field. (Where the above business scope involves projects subject to permission, such projects must be operated with the permission of the relevant departments).

#### 1.3 Approver and approval date of the financial report

The Company's financial statements were approved by the board of directors on April 25, 2023.

#### 1.4 Scope of the consolidated financial statements in 2022

113 entities were included in the scope of the consolidated financial statements in 2022. The details are as follows:

Name of subsidiaries	Subsidiaries type	Level	Shareholding ratio (%)	Voting rights ratio (%)	Method of acquisition
Huangshi Xingang Development Co., Ltd.	Holding	Level 2	51	51	Allocation
Huangshi Xingang Resources Investment Management Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Xingang Cultural Tourism Development Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Xingang Ecological Agriculture Co., Ltd.	Holding	Level 4	100	100	Allocation
Huangshi Xingang Ecological Agriculture Co., Ltd.	Holding	Level 3	100	100	Allocation
Hubei Xingang Port Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Xingang Sanzhou Environmental Protection Co., Ltd.	Holding	Level 4	100	100	Allocation
Huangshi Xingang Water Works Construction Co., Ltd.	Holding	Level 4	100	100	Allocation
Huangshi Xingang Huajun Urban and Rural Construction Engineering Maintenance Co., Ltd.	Holding	Level 4	60	60	Allocation
Huangshi Xingang Real Estate Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Xingang Sanitation Cleaning Service Co., Ltd.	Holding	Level 3	100	100	Allocation
Hubei Xinlv Garden Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Xingang Hengsheng Ecological Agriculture Technology Co., Ltd.	Holding	Level 3	100	100	Allocation
Huangshi Gangxin City maintenance and construction Co., LTD	Holding	Level 3	100	100	Investment
Hubei Rongqin Construction Engineering Co., LTD	Holding	Level 4	100	100	Investment
Hubei Xinjiayuan ecological Agriculture Technology Co., LTD	Holding	Level 5	51	51	Investment
Hubei Eastern Medical Care Group Co., LTD	Holding	Level 2	100	100	Investment
Huangshi Second Hospital Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Fourth Hospital Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Fanghua elderly care Service Co., LTD	Holding	Level 4	60	60	Investment
Huangshi Fifth Hospital Co. LTD	Holding	Level 3	100	100	Investment
Sinopharm Holding Edong Medical Care (Hubei) Pharmaceutical Co. LTD	Holding	Level 3	69	69	Investment
Hubei Edong Health care Group property services Co., LTD	Holding	Level 3	51	51	Investment
Hubei health care home health care industry development Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Yiyang rehabilitation nursing home Co., LTD	Holding	Level 3	56	56	Investment

Name of subsidiaries	Subsidiaries type	Level	Shareholding ratio (%)	Voting rights ratio (%)	Method of acquisition
Huangshi 15 Metallurgical Hospital Co., LTD	Holding	Level 3	100	100	Allocation
Hubei East medical Care Group Education Technology Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City railway construction investment Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City urban rail transit operation limited liability company	Holding	Level 3	100	100	Investment
Huangshi City city energy Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City Chengfa heating Co., LTD	Holding	Level 3	87.5	87.5	Acquisition
Huangshi City fast and easy to charge new energy Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Cihu Wenjing Tourism Investment limited liability company	Holding	Level 3	100	100	Investment
Huangshi City city Rui real estate development Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Chengfa Engineering Consulting Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City development construction Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City development construction Group Co., LTD	Holding	Level 3	100	100	Allocation
Huangshi Zhengxing construction engineering design review Co., LTD	Holding	Level 4	100	100	Allocation
Huangshi City city Jia real estate development Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Chengfa ecological agriculture development Co., LTD	Holding	Level 2	85	85	Investment
Huangshi City education management Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City education management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Chengfa trading Co., LTD	Holding	Level 2	100	100	Investment
Huangshi seven peaks trading Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Nixiang Garden Cultural Tourism Development Co., LTD	Holding	Level 2	80	80	Investment
Huangshi Zhujiazui trading Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City Urban Development Investment Group (Wuhan) Co., LTD	Holding	Level 2	100	100	Investment
Hubei Huashi cool movement sports culture media Co., LTD	Holding	Level 3	100	100	Investment
Hubei Dongchu Huachuang trading Co., LTD	Holding	Level 3	100	100	Investment
Hubei City Design Consulting Group Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City Chengfa mining Co., LTD	Holding	Level 2	100	100	Investment
Huangshi City travel children's play development Co., LTD	Holding	Level 2	100	100	Allocation
Huangshi city hair residue transport Co., LTD	Holding	Level 2	100	100	Investment
Huangshi city hair wisdom logistics Co., LTD	Holding	Level 2	51	51	Investment
Huangshi City urban construction investment development limited liability company	Holding	Level 2	100	100	Investment

Name of subsidiaries	Subsidiaries type	Level	Shareholding ratio (%)	Voting rights ratio (%)	Method of acquisition
Huangshi Cihu high-tech development Co., LTD	Holding	Level 3	100	100	Investment
Huangshi tap water Co., LTD	Holding	Level 3	100	100	Investment
Huangshi Huitong agricultural and sideline products investment limited liability company	Holding	Level 3	100	100	Investment
Huangshi Environmental Investment Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City construction project management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City construction project management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City city development real Estate Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City local railway Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City administrative institutions state-owned assets management center	Holding	Level 3	100	100	Investment
Huangshi City urban development investment Group asset management limited liability company	Holding	Level 3	100	100	Investment
Huangshi City Chengfa land assets operation management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City city parking management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City city development property management Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City and real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengxiang Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengfa color life property services Co., LTD	Holding	Level 4	51	51	Investment
Huangshi City Chengfa security service Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City development Park operation management Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City bus Group transport taxi Co., LTD	Holding	Level 4	53.66	53.66	Investment
Huangshi City bus xin travel Agency Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City bus Group Tongcheng property management Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City bus group transit Travel Agency Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Tongmao bus driver training Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Tongsheng Automobile repair Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City sewage treatment limited liability company	Holding	Level 4	100	100	Investment
Huangshi city drainage Co., LTD	Holding	Level 5	100	100	Investment
Huangshi City Huantou recycled building materials technology Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengfa environmental testing technology Co., LTD	Holding	Level 5	100	100	Investment
Huangshi Ruiyuan water quality testing Co., LTD	Holding	Level 5	100	100	Investment

Name of subsidiaries	Subsidiaries type	Level	Shareholding ratio (%)	Voting rights ratio (%)	Method of acquisition
Hubei Yayuan Municipal Design Co., LTD	Holding	Level 4	100	100	Investment
Hubei Hongyuan Water Industry Development Co. LTD	Holding	Level 4	100	100	Investment
Huangshi tap water construction engineering Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Yimin Investment Co., LTD	Holding	Level 4	100	100	Investment
Hubei Huangjinshan Science Park Investment Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Jinhe City Transportation Group Co., LTD	Holding	Level 4	100	100	Investment
Huangshi intelligent laser Industrial Park Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City City Wenderun Real Estate Co., LTD	Holding	Level 3	100	100	Investment
Huangshi City Chengfa hotel management Co., LTD	Holding	Level 3	100	100	Investment
Hubei Environmental Remediation and treatment Technology Research Co., LTD	Holding	Level 3	57.89	57.89	Investment
Huangshi Chengfa commercial operation Management Group Co., LTD	Holding	Level 4	100	100	Investment
Huangshi magnetic Lake tourism development Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City green building materials Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Urban renewal Industry Development Group Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City city extension Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City city view Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City City Xuan Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengyu Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City City Xu Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City city Jin Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City City Zhuo Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City city Tai Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City city way Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengxun Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City association Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Chengzhang Real Estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City can son real estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi Zhushang real estate Co., LTD	Holding	Level 4	100	100	Investment
Huangshi City Kiwanse Real estate Co., LTD	Holding	Level 4	100	100	Investment

## 2. Basis of preparation for financial statements

2.1 Preparation basis: Based on going concern, and according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting

Standards for Business Enterprises – Basic Standards and other concrete accounting standards issued by the Ministry of Finance (collectively known as the "Accounting Standards for Business Enterprises") and on the basis of the following significant accounting policies and accounting estimates.

2.2 Going concern: The Company is able to operate on a going concern basis within 12 months as of the end of the reporting period, and it has no significant matters affecting its sustainable operation ability.

### 3. Significant accounting policies and accounting estimates

#### 3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position as at December 31, 2022, December 31, 2021 and December 31, 2020, operating results, cash flows and other related information for the years then ended.

#### 3.2 Accounting period

The Company adopts the calendar year as the accounting year, which commences on January 1, and ends on December 31 of each year.

#### 3.3 Operating cycle

The Company takes 12 months in one year as the normal business cycle, and the business cycle as the standard for dividing the liquidity of assets and liabilities.

#### 3.4 Functional currency

The functional currency of the Company is RMB.

#### 3.5 Business combinations

##### 3.5.1. Business combination under common control

For long-term equity investment form by business combination under common control, if the combining party makes payment in cash, transfers non-cash assets or bears debts as the consideration for the business combination, the book value of net assets of the combinee obtained in the consolidated financial statements of the ultimate controller is recognized as the initial cost of the long-term equity investment on the combination date. If the combining party takes the issuance of equity instruments as the consideration for combination, the total par value of the issued shares will

be regarded as the share capital. The stock premium in the capital reserve is adjusted according to the difference between the book value of the net assets obtained from the combination and that of the consideration for the combination paid (or total par value of outstanding shares); if there is no sufficient premium in the capital reserve for write-downs, the retained earnings are adjusted.

### 3.5.2. Business combination not under common control

For the business combination not under common control, the combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The identifiable assets, liabilities and contingent liabilities of the acquiree that are obtained from business combination not under common control and conform to the recognition criteria shall be measured at the fair value on the acquisition date. The acquirer shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. For the combination costs which are less than the fair value of the identifiable assets acquired from the acquiree, the acquirer shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current non-operating income after review.

## 3.6 Preparation method for consolidated financial statements

### 3.6.1. Scope of consolidated financial statements

The Company included all the subsidiaries (the subject under the control of the Company) in the scope of the consolidated financial statements, including the enterprise controlled by the Company, divisible part of enterprises and investees, and structured entities, etc.

3.6.2. Accounting policy of the parent and subsidiary companies, the balance sheet date of the parent and subsidiary company and the accounting period

When preparing the consolidated financial statements, where accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the Company, necessary adjustments should be made to the financial statements of subsidiaries according to the accounting policies and accounting periods of the Company.

### 3.6.3. Offsetting matters of consolidated financial statements

The consolidated financial statements, based on the balance sheets of the Company and



subsidiaries, have offset the internal transactions between the Company and subsidiaries, and between the subsidiaries. The share in owner's equity of subsidiary that is not attributable to the Company will be served as minority equity and listed under "minority equity" item under shareholder's equity in the consolidated income statement. The long-term equity investments of the Company held by the subsidiaries are deemed as treasury stock of the Company and listed as a deduction item of the owner's equity in the "less: treasury stock" item under the shareholder's equity item in the consolidated balance sheet.

#### 3.6.4. Accounting treatment of the acquisition of subsidiaries from business combination

For a subsidiary acquired from business combination under common control, the enterprise shall be deemed be existing at the time when the ultimate controller starts to actually control it, and its assets, liabilities, operating results and cash flows shall be included in the consolidated financial statements as at the beginning of the current period for consolidation. For subsidiaries acquired from business combination not under common control, their financial statements shall be adjusted on the basis of fair value of their identifiable net assets on the acquisition date during the preparation of the consolidated financial statements.

### 3.7 Joint arrangement classification and accounting treatments

#### 3.7.1. Classification of joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture. Joint venture arrangements that have not been reached through separate entities are classified as joint operations. Separate entities refer to entities with a separately identifiable financial structure, including separate legal entities and entities that do not have legal entity qualifications but are recognized by law. Joint venture arrangements that have been reached through separate entities are generally classified as joint ventures. If changes in relevant facts and circumstances lead to changes in the rights and obligations of the joint venturer in the joint venture arrangement, the joint venturer will re-evaluate the classification of the joint venture arrangement.

#### 3.7.2. Accounting treatment of joint operations

The Company shall, as a party to the joint operation, recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises: recognize assets or liabilities solely held and assets or

liabilities jointly held based on its shares; recognize the income from sale of output share enjoyed by it from the joint operation; recognize the income from sale of output from the joint operation based on its shares; recognize separate costs and costs for the joint operation based on its shares.

Where the Company is a participant that does not enjoy joint control to the joint operation, if it enjoys the related assets of the joint operation and assumes the related liabilities, accounting treatment shall be subject to that for the joint operator to the joint operation; otherwise, accounting treatment shall be carried out according to the relevant accounting standards for business enterprises.

### 3.7.3. Accounting treatment of joint ventures

The Company accounts for investments in joint ventures as a joint venturer in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments; the Company accounts for investments in joint ventures as a non-joint venturer based on the extent of its influence on such joint ventures.

## 3.8 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. For the purpose of preparing the statement of cash flows, the term "cash equivalents" refers to the short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 3.9 Financial instruments (Applicable from 1 January 2021)

### 3.9.1 Classification and reclassification of financial instruments

Financial instruments are the contracts under which the financial assets of an entity are formed and correspondingly the financial liabilities or equity instruments of any other entity are formed.

#### 3.9.1.1 Financial assets

The Company classifies a financial asset as subsequently measured at amortised cost that meets both of the following conditions:

- (a) the financial asset is held within a business model whose objective is to collect contractual cash flows;
- (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company classifies a financial asset as subsequently measured at fair value through other comprehensive income that meets both of the following conditions:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset, and

(b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable election at initial recognition to designate non-traded equity instruments as subsequently measured at fair value through other comprehensive income. The designation is made on the basis of single investment which meets the equity instrument definition from the aspect of the issuer.

The Company classifies a financial asset as subsequently measured at fair value through profit or loss unless it is subsequently measured at amortised cost or measured at fair value through other comprehensive income. The Company may make an irrevocable election at initial recognition to designate a financial asset as subsequently measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When the Company changes its business model for managing financial assets, all affected financial assets are reclassified from the first day of the next subsequent reporting period after the business model changes and the reclassification is applied prospectively from the reclassification date, meaning that any previously recognised gains, losses (including impairment gains or losses) or interest will not be restated.

#### 3.9.1.2 Financial liabilities

Financial liabilities are classified at initial recognition as: a) financial liabilities measured at fair value through profit or loss; b) financial liabilities that arise when transfers of financial assets do not qualify for derecognition or when the continuing involvement approach applies; c) financial guarantee contracts which are not classified as a) or b) and commitments to provide a loan at a below - market interest rate which are not classified as a); and financial liabilities as subsequently measured at amortised cost. All financial liabilities are not be reclassified.

#### 3.9.2 Measurement of financial instruments

The Company measures financial instruments at fair value upon their initial recognition. The

related transaction fees for the financial assets and financial liabilities subsequently measured at fair value through profit or loss are charged in profit or loss directly. The related transaction fees for other financial assets and financial liabilities are included in their initial costs. The Company measures the accounts receivable and notes receivable deriving from selling goods or providing services at their transaction price if the accounts receivable and notes receivable do not contain a significant financing component or the Company applies the practical expedient not considering the significant financing component. The subsequent measurement of a financial instrument is determined by its classification.

#### 3.9.2.1 Financial assets

##### A. Financial assets measured at amortised cost

The financial assets are measured subsequently at amortised cost using the effective interest method after initial recognition. The gains or losses calculated by the effective interest method which do not belong to any hedging relationships are recognised in profit or loss when the financial assets are derecognised, reclassified, amortized or impaired.

##### B. Financial assets measured at fair value through profit or loss

After initial recognition, the financial assets are measured subsequently at fair value except that they belong to any hedging relationships, and any gains or losses including interests and dividends are recognised in profit or loss.

##### C. Financial assets measured at fair value through other comprehensive income

After initial recognition, the financial assets are measured subsequently at fair value. The interest calculated by the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss and other gains or losses are recognised in other comprehensive income. The accumulated gains or losses recognised in other comprehensive income will be reclassified in profit or loss upon derecognition of the financial assets.

After initial recognition, the financial assets are subsequently measured at fair value. Except that dividends (excluding recovery of investment costs) from these equity instruments are recognised in profit or loss, other relevant gains and losses are recognised in other comprehensive income and will not be reclassified to profit or loss subsequently.

#### 3.9.2.2 Financial liabilities

A. Financial liabilities measured at fair value through profit or loss

The category includes financial liabilities held for trading, derivative financial liabilities and financial liabilities designated as measured at fair value through profit or loss. After initial recognition, financial liabilities in this category are measured at fair value and the gains and losses from changes of fair value of financial liabilities held for trading are recognised in profit or loss except those relating to hedging accounting. For financial liabilities designated as measured at fair value through profit or loss, the change of fair value due to the change of the Company's self-credit risk are recognised in other comprehensive income, and other changes of fair value are recognised in profit or loss. If the recognition in other comprehensive income for the change of fair value due to the change of the financial liabilities' self-credit risk will cause or enhance an accounting mismatch in profit or loss, the Company recognises all gains or losses from the financial liabilities in profit or loss.

Financial guarantee contract (loan commitment) liabilities are subsequently measured at the higher of the impairment losses amount calculated following the principle of financial instrument impairment and the net balance after the initial cost deducting the accumulated amortization amount following the related requirements of Accounting Standards for Business Enterprises No. 14-Revenue.

B. Financial liabilities measured at amortised cost

After initial recognition, financial liabilities in this category are measured at amortised cost using the effective interest method.

3.9.3 Measurement method of financial instruments' fair value

For financial instruments that active markets exist, the Company uses the quoted prices in the active markets to determine their fair value. If there is no active market for the financial instruments, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach. In limited conditions, if there is no sufficient updated information to determine the fair value, or the range of estimated fair value is so wide that the cost indicates the best estimate of the fair value, the cost may represent the appropriate estimate of the fair value within the distribution range. The Company makes use of all available information concerning the investee's business performance and operation to determine if

the cost may represent its fair value.

3.9.4 The recognition basis and measurement approach for transfer of financial assets and liabilities

3.9.4.1 Financial assets

A financial asset of the Company is derecognised when it meets one of the following conditions: (a) the contractual rights to the cash flows from the financial asset expire, or (b) the financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset; (c) the financial asset has been transferred, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it has not retained control.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and recognises related financial liabilities correspondingly.

On derecognition of a financial asset in its entirety, the difference between the following two items is recognised in profit or loss:

- (a) the carrying amount measured at the date of derecognition and
- (b) the sum of the consideration received and the accumulated change amount of fair value recognised directly in other comprehensive income for the corresponding derecognition financial asset (relating to a financial asset measured at fair value through other comprehensive income) .

If a financial asset is partly transferred, the entire carrying amount of the financial asset is split into the derecognised part and retained part according to their respective fair value at the derecognition date, and the difference between the following two items is recognised in profit or loss:

- (a) the carrying amount measured at the date of derecognition which is allocated to the derecognized part; and
- (b) the sum of the consideration received for the derecognised part and the accumulated change amount of fair value which has been recognised in other comprehensive income belonging to the corresponding derecognised part (relating to a financial asset measured at fair value through other

comprehensive income).

When a non-traded equity instrument designated as measured at fair value through other comprehensive income is derecognised, the accumulated gains or losses recorded in other comprehensive income will be carried forward to retained earnings.

#### 3.9.4.2 Financial liabilities

When the present obligation specified in the contract is extinguished, the Company derecognises a financial liability (or a part of a financial liability).

When a financial liability (or a part of a financial liability) is derecognised, the Company recognises the difference between the carrying amount of the financial liability (or a part of the financial liability) and the consideration paid (including any non-cash assets transferred or liabilities assumed) in profit or loss.

3.10 The approach and accounting treatment of expected credit losses (Applicable from 1 January 2021)

#### 3.10.1 The approach of expected credit losses

The Company recognises loss allowance based on ECL on financial assets that are measured at amortized cost (including accounts receivable), financial assets measured at fair value through other comprehensive income (including receivables for financing), and lease receivables.

The Company assesses whether the credit risk on financial instruments have increased significantly since initial recognition at each balance sheet date and divides the credit risk impairment process into three stages and adopts different accounting treatment:

(a) In the first stage, the credit risk on financial instruments has not significantly increased since initial recognition. The Company measures the loss allowance for the financial instruments at an amount equal to 12- month expected credit losses, and calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets.

(b) In the second stage, the credit risk on financial instruments has significantly increased since initial recognition which are not subject to impairment. The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses, and calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets.

(c) In the third stage, the financial instruments are subject to impairment since initial recognition. The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses, and calculates interest income by applying the effective interest rate to the net carrying amount (gross carrying amount minus the impairment allowance) of the financial instruments.

3.10.1.1 The approach of expected credit losses for the financial instruments with a low risk of default

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition directly without comparing the credit risk with that on initial recognition if the financial instrument is determined to have a low credit risk at the balance sheet date.

If the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations, the financial instrument is considered to have a low credit risk.

3.10.1.2 The approach of expected credit losses for accounts receivable, lease receivables

(a) Accounts receivable not containing a significant financing component

The Company adopts simplified approach, i.e. the measurement of lifetime ECL, to determine the impairment losses for accounts receivable not containing a significant financing component that result from transactions within the scope of Accounting Standards for Business Enterprises No. 14-Revenue.

The Company assesses whether the credit risk on a financial instrument has increased significantly or not since initial recognition on an individual or group basis according to the characteristics of the financial instruments. The Company segments accounts receivable and contract assets into several groups on the basis of shared credit risk characteristics to calculate ECL, and the segmentation bases are determined as follows:

Accounts receivable group 1: Government accounts receivable outside the scope of consolidated statements

Accounts receivable group 2: Other accounts receivable outside the scope of consolidated



statements

Accounts receivable group 3: Medicare receivables outside the scope of consolidated statements

For the accounts receivable divided into Portfolio 1, the Company calculates the expected credit loss at 0.30% based on the historical credit loss experience and the current situation and the forecast of future economic conditions. For the accounts receivable divided into combination 2 and 3, the company, by referring to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, prepares the comparison table of the expected credit loss rate between the age of accounts receivable and the entire duration to calculate the expected credit loss. The details are as follows:

Aging	group 2: Proportion of provision for accounts receivable (%)	group 3: Proportion of provision for accounts receivable (%)
Within 1 year	0.30	5.00
1-2 years	5.00	50.00
2-3 years	10.00	80.00
3-4 years	20.00	100.00
4-5 years	50.00	100.00
More than 5 years	100.00	100.00

For financial assets other than the above, such as: creditor's rights investment, other creditor's rights investment, other receivables, long-term receivables other than lease receivables, etc., the Company measures loss provisions in accordance with the general method, namely, the "three-stage" model.

The Company divides other receivables into several combinations according to the nature of the amount, calculates expected credit losses on the basis of the combination, and determines the combination on the basis of the following:

Other receivables group 1: Combination of accounting entities outside the scope of consolidation

Other receivables group 2: Combination of accounting entities within the scope of merger

For other receivables classified as portfolio 1, the Company calculates expected credit losses according to the "three-stage" model by referring to historical credit loss experience and combining current conditions and forecast of future economic conditions. The details are as follows:

Aging	Proportion of provision for accounts receivable (%)
Within 1 year	0.30
1-2 years	5.00
2-3 years	10.00
3-4 years	20.00
4-5 years	50.00
More than 5 years	100.00

For other receivables divided into portfolio 2, no provision for doubtful accounts shall be made unless there is objective evidence that the Company will not be able to recover the amount in accordance with the original terms of other receivables.

(b) Accounts receivable and lease receivables containing a significant financing component

The Company adopts the normal approach, i.e. the three-stage model, to determine the impairment losses for accounts receivable that result from transactions within the scope of Accounting Standards for Business Enterprises No. 14- Revenue, and the lease receivables that result from transactions within the scope of Accounting Standards for Business Enterprises No. 21- Lease, all of which contain a significant financing component.

3.10.1.3 The approach of expected credit losses for other financial instruments

The Company adopts the normal approach, i.e. the three-stage model, to determine the impairment losses for other financial instruments except aforementioned financial assets, like debt investments, other debt investments, other receivables, long-term receivables excluding lease receivables, etc.

3.10.2 The accounting treatment of expected credit losses

The Company remeasures ECL at each balance sheet date to reflect the credit risk change of financial instruments after initial recognition and recognises the additional or reverse amount of the impairment allowance in profit or loss of the current period as impairment losses or gains, which will be deducted from the carrying amount of the financial assets in the balance sheet, or recorded to the provisions for loan commitments or financial guarantee contracts or in other comprehensive income for financial assets measured at fair value through other comprehensive income depending on the category of the financial instruments.

3.11 Financial instruments (Applicable until 1 January, 2021)

### 3.11.1. Classification and recognition of financial instruments

Financial instruments are classified into financial assets or financial liabilities and equity instruments. When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability or an equity instrument.

Financial assets are classified into financial assets measured at fair value with their changes recorded into current profit or loss, held-to-maturity investments and receivables as well as available-for-sale financial assets when initial recognition is made. The classification of financial assets other than receivables is determined by the Company's and its subsidiaries' intention and ability to hold financial assets. Financial liabilities are classified into financial liabilities measured at fair value through current profit or loss and the other financial liabilities at initial recognition.

Financial assets at fair value through current profit or loss include financial trading assets held for sale in the short term and financial assets designated at fair value through current profit or loss on initial recognition; receivables are non-derivative financial assets with no quoted prices in an active market and fixed or determinable recoveries; available-for-sale financial assets include non-derivative financial assets designated at initial recognition as available-for-sale non-derivative financial assets and financial assets not classified as other categories; held-to-maturity investments are non-derivative financial assets with fixed maturity, fixed or determinable recoveries and management's explicit intention and ability to hold to maturity.

### 3.11.2. Measurement of financial instruments

The financial instruments initially recognized by the Company shall be measured at their fair values. Financial instruments are classified as follows in subsequent measurement: financial assets measured at fair value through current profit or loss, available-for-sale financial assets, and financial liabilities measured at fair value through current profit or loss are measured at fair value; held maturity investments, loans, accounts receivable, and other financial liabilities are measured at amortized cost; equity instrument investments that have no quoted price in an active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked to the said equity instrument investments and settled by delivery of the said equity instruments are measured at cost. Gains or losses arising from changes in fair value of a financial asset or financial liability in subsequent measurement, except for those related to hedging, shall be

treated as follows: (1) gains or losses on change in fair value of financial assets or financial liabilities measured at fair value through current profit or loss shall be charged to the gains or losses on the change in fair value. (2) Changes in the fair value of available-for-sale financial assets are included in other comprehensive income.

#### 3.11.3. Determination method for the fair value of financial instruments

Where there is an active market for a financial instrument, the Company shall adopt the quoted price in the active market to determine the fair value thereof. Where there is no active market for a financial instrument, the Company shall adopt value appraisal techniques to determine its fair value. Valuation techniques mainly include market method, income method and cost method.

#### 3.11.4. Recognition basis and measurement method of financial assets and liability transfer

where nearly all the risks and rewards associated with the ownership of the financial asset have been transferred; or the Company has neither transferred nor retained nearly all the risks and rewards associated with the ownership of the financial asset but waives the control over the financial asset, such financial asset shall be derecognized. If the financial assets satisfy the criteria for de-recognition, the book value of the transferred financial assets and the sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally included in other comprehensive income should be included in current profit or loss. If the partial transfer satisfies the criteria for de-recognition, the entire book value of the transferred financial asset shall be split into the derecognized part and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in current profit or loss.

When the prevailing obligations of a financial liability are relieved in all or in part, the financial liability should be derecognized in all or partly.

#### 3.11.5. Impairment of financial assets

When financial assets measured at amortized cost have impaired, the provision for impairment is made at the difference between the present value of the estimated future cash flows and book value (excluding the future credit losses that have not yet occurred). If there is any objective evidence showing that the value of the financial asset has been recovered and it relates objectively to the event occurred after the recognition of the loss, the originally recognized impairment loss shall

be reversed and included in current profit or loss.

When financial assets measured at cost have impaired, the provision for impairment is made at the difference between the present value of the estimated future cash flows and book value (excluding the future credit losses that have not yet occurred). Once the impairment loss is recognized, it cannot be reversed.

When there is objective evidence showing that available-for-sale financial assets are impaired, the accumulated losses arising from the decreases in fair values that are originally and directly included in shareholders' equity shall be all transferred out and recorded in impairment loss. For available-for-sale debt instruments investment whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the event occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into current profit or loss. For available-for-sale equity instrument investments whose impairment losses have been recognized, their fair values rise in subsequent periods should be included in shareholders' equity.

For investments in equity instruments, specific quantitative standards of the Company for judging "serious" or "non-temporary" decline in the fair value, calculation method of the cost, recognition method of fair value at the end of the year and recognition basis for the period of continuous decline:

Specific quantitative standard for a "severe" decline in fair value	On the balance sheet date, the fair value of the equity instrument investment is less than 50% (inclusive) of its initial investment cost
Specific quantitative standard for non-temporary decline of the fair value:	On the balance sheet date, the fair value of the equity instrument investment is less than its initial investment cost for more than one year (inclusive).
Calculation method of costs	On acquisition, the sum of the consideration (deducting cash dividends declared but not yet paid or bond interest due but not yet received) and relevant transaction costs shall be recognized as the investment costs.
Determination method of the fair value at the end of the period	Where there is an active market for financial instruments, the fair values shall be recognized at quoted prices in active markets; where there is no active market, the fair values shall be recognized using valuation techniques.
Recognition basis of a continuous falling period	Continuous decline or rebound and uptrend during the period of downward trend lower than 20% and the period of rebound no more than 6 months.

### 3.12 Receivables (Applicable until 1 January, 2021)

The Company's receivables mainly include notes receivable, accounts receivable, long-term receivable and other receivables. If there is objective evidence that impairment has occurred in the

balance sheet, impairment losses shall be recognized by the Company according to the difference between their book value and their estimated present value of future cash flows.

### 3.12.1. Receivables with individually significant amount and individual provision for bad debts

Basis and standard for "individually significant"	Other receivables with a single amount of more than RMB 5 million are recognized as receivables with a significant single amount
Provision method for receivables with individually significant amount and individual allowance for bad debts	Except accounts receivable with a significant single amount for which the provision for bad debts is made by using specific identification method as there is solid evidence to prove that such accounts receivable cannot be recovered or due to other circumstances, the provision for bad debts will be made by aging analysis method for other accounts receivable with a significant single amount

Details of provision for bad debts under the aging analysis method are as follows:

Portfolio name	Aging	Proportion of provision for accounts receivable (%)
Portfolio of medical insurance	Within 1 year	5.00
	1-2 years	50.00
	2-3 years	80.00
	Over 3 years	100.00

### 3.12.2. Receivables with allowance for bad debts accrued on a portfolio basis:

Determination basis of portfolio	
Portfolio 1	Accounts receivable in the scope of consolidation
Portfolio 2	Other payments
Method for provision for bad debts on portfolio basis	
Portfolio 1	No provision for bad debts will be made
Portfolio 2	Percentage-of-balance method

### Portfolios with allowance for bad debts made at the balance percentage method

Portfolio name	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Portfolio 2	0.30	0.30

### 3.12.3. Accounts receivable that are individually insignificant but subject to individual provision for bad debt

Reasons for individual provision for bad debts	Receivables of which individual amount is insignificant and the provision for bad debts therefor made by portfolio cannot reflect the risk characteristics
Provision method of allowance for bad debts	Specific identification method, i.e. to make provision for bad debt based on the difference of the cash flows' present value in short of its book value.

## 3.13 Inventories

### 3.13.1. Classification of inventories

Inventories refer to the finished product or commodity held for sale in daily activities, goods in

process, materials used in production or rendering of service. Inventories mainly include raw materials, stock commodities, engineering agent construction projects, low-cost consumables, real estate development costs, development products, and engineering construction.

#### 3.13.2. Measurement method of dispatched inventories

When inventories are sent out, the actual cost method is adopted to determine the actual cost of such inventories.

#### 3.13.3. Provision method of inventory depreciation reserve

On the balance sheet date, the inventories are measured at the lower of the costs and the net realizable value, and the inventory depreciation reserve is made on the basis of single inventory item; but for inventories with large quantity and low unit price, provision for inventory depreciation reserve should be made according to inventory categories.

#### 3.13.4. Inventory system

Inventory system of the inventories of the Company is perpetual inventory system.

#### 3.13.5. Amortization methods for low-cost consumables and packaging materials

Low-cost consumables and packaging materials are amortized by using the one-off amortization method.

### 3.14 Long-term equity investments

#### 3.14.1. Determination of initial investment cost

For long-term equity investments acquired in a business combination, in the case of a business combination under common control, the initial investment cost of the long-term equity investment shall be the combinee's share of the book value of net assets of the ultimate controller in the consolidated financial statements at the date of consolidation; in the case of a business combination not under common control, the initial cost shall be recognized at the cost of consolidation determined at the date of purchase; for long-term equity investments acquired by cash payment, the initial investment cost shall be the actual purchase price paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued; for long-term equity investments acquired through debt restructuring, the initial investment cost shall be determined in accordance with the Accounting Standards for Business Enterprises No.12 - Debt Restructuring; for long-term equity investments acquired in exchange for

non-monetary assets, the initial investment cost shall be determined in accordance with the Accounting Standards for Business Enterprises No. 7, Non-monetary Asset Exchange.

#### 3.14.2. Subsequent measurement and recognition of gains and losses

The Company measures the long-term equity investments that can exercise control over the investee under the cost method, and measures the long-term equity investments in associates and joint ventures under the equity method. For part of equity investments in associates directly held by the Company through the risk investment institutions, mutual fund, trust companies or similar entities including investment-linked insurance, no matter whether such entities have significant influence over such investment, the Company may, in accordance with the relevant provisions on the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, measure such investment at the fair value and their changes are included in profit or loss, while the remaining investments shall be accounted for under the equity method.

#### 3.14.3. Recognition basis of joint control over or significant impact on the investee

Common control over the investee means that activities that have a significant impact on the return of an arrangement can only be decided upon unanimous consent of the participating parties who share the control right, including sale and purchase of goods or services, management of financial assets, purchase and disposal of assets, research and development activities, and financing activities; significant impact on the investee means that when a participating party holds more than 20% to 50% of the voting capital of the investee, it has a significant impact on the investee, or although a participating party holds less than 20% of the voting capital of the investee, it has a significant impact on the investee when one of the following conditions is met: sending a representative to the investee's board of directors or a similar authority; participating in the policy formulation of the investee; dispatching management personnel to the investee; the investee relying on the technology or technical data of the investor; conducting important transactions with the investee.

#### 3.15 Investment properties

Category: leased land use right, leased buildings and land use right held for transfer upon appreciation. The Company, on the basis of the acquisition cost, carries out an initial measurement, and carry out subsequent measurement on investment properties by employing the fair value model.



For investment properties subsequently measured by adopting the fair value mode, the basis for accounting policy selection is as follows: (1) there is an active property transaction market in the location of investment properties. (2) The Company is able to obtain the market price of the same kind of property or of similar property and other relevant information from the real estate transaction market, so that the Company can reasonably estimate the fair value of investment property. No depreciation or amortization will be made by the Company for investment property. The book value thereof should be adjusted based on the fair value on the balance sheet date. The difference between the fair value and the original book value will be included in current profit or loss. When the Company has conclusive evidence of a change in use of the property and the investment property is converted into self-use property, its fair value on the conversion date shall be the book value of the self-use property and the difference between the fair value and the original book value will be included in current profit or loss. When self-use property or inventories are converted into investment property measured under the fair value model, the investment property will be measured at the fair value on the conversion date, where the fair value on the conversion date is less than the original book value, the difference will be included in current profit or loss; if the fair value on the conversion date is larger than the original book value, the difference will be included in other comprehensive income.

### 3.16 Fixed assets

#### 3.16.1. Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Recognition will be made if the following conditions are met at the same time: the economic benefits associated with the fixed asset are likely to flow into the Company; the cost of the fixed asset can be measured reliably.

#### 3.16.2. Classification and depreciation methods of fixed assets

The Company's fixed assets are mainly divided into: buildings and constructions, machinery equipment, electronic equipment, and transportation equipment; the depreciation method is the straight-line method. The Company determines the useful life and estimated net residual value of a fixed asset according to its nature and using status, and reviews the useful life, estimated net

residual value and depreciation method of the fixed assets at the end of the year. If there is any difference between the reviewing results and the original estimated data, the Company will make some adjustments accordingly. Other than assets that are fully depreciated and remain in use as well as land and other assets that are separately measured and accounted for, the Company provides depreciation for all fixed assets.

Category of assets	Estimated useful life (year)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Houses and constructions	8-50	3-5	1.90-12.12
Machinery equipment	5-25	3-5	1.94-3.80
Transportation facilities	5-10	3-5	9.50-19.40
Others	5-15	3-5	6.33-19.40

### 3.16.3. Recognition basis and valuation method for fixed assets acquired under financing lease

Fixed assets acquired under financing lease refer to lease under which all the risks and rewards relevant to the ownership of assets are materially transferred is recognized as financing lease. The initial valuation of finance-leased fixed assets is the lower of the fair value of the leased assets and the present value of the minimum lease payments as of the beginning of the lease term; the subsequent valuation of finance-leased fixed assets adopts the depreciation policy consistent with that of owned fixed assets to provide for depreciation and impairment.

### 3.17 Construction in progress

The Company's construction in progress are classified into self-construction and outsourcing construction. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use upon completion. For the standard for judging whether to reach the condition for intended use, one of the following conditions shall be met: the physical construction (including installation) of the fixed asset has been completed completely or substantially; the fixed asset has been put into trial production or trial operation, and the results thereof show that the asset can operate normally or can produce qualified products stably, or the results of trial operation show that it can operate normally; the amount of expenditure on the fixed asset constructed is very small or almost no longer incurred; the fixed asset purchased and constructed has met the design or contract requirements, or been basically in line with the design or contract requirements.

### 3.18 Borrowing expenses

### 3.18.1. Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into current profit or loss. Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

### 3.18.2. Calculation method of capitalization amount

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation. The period of capitalization suspension of borrowing costs is excluded. If an asset is abnormally interrupted and such condition lasts for more than three months, the capitalization should be suspended

Borrowings from special purpose loans are determined by the interest expense actually incurred in the period of the special purpose loans, less the interest income earned by depositing the unused borrowed funds in banks or the investment income earned by making temporary investments; borrowings from general purpose loans are determined by multiplying the weighted-average amount of the accumulated asset expenses in excess of the special purpose loans by the capitalization rate of the general purpose loans taken up, which is the weighted-average interest rate of the general purpose loans. The capitalization rate is the weighted-average interest rate of general borrowings; if there is a discount or premium on borrowings, the amount of discount or premium to be amortized in each accounting period is determined by the effective interest rate method, and the amount of interest is adjusted for each period.

Effective interest method refers to a method adopted to calculate the amortized discount, premium or interest expenses as per the effective interest rate of the borrowings. Effective interest rate refers to the interest rate that is used to discount future cash flows in current book value of the borrowings during expected period of existence.

## 3.19 Intangible assets

### 3.19.1. Measurement of intangible assets

The Company's intangible assets shall be initially measured at cost. The intangible assets

purchased take the purchase price actually paid and relevant disbursements as the actual cost. The actual cost of an intangible asset invested by an investor shall be determined according to the value agreed in the investment contract or agreement, but if the value of the contract or agreement is not fair, the actual cost shall be determined according to the fair value. The cost of self-developed intangible assets is the total amount of expenditure incurred before the intended use.

The Company carries out subsequent measurement for its intangible assets respectively as follows: as for intangible assets with limited useful lives, they are amortized by using the straight-line method, and their useful lives and amortization methods are reviewed at the end of the year and accordingly adjusted if there are differences with the previous estimates; as for intangible assets with indefinite useful lives, they are not amortized, but their useful lives are reviewed at the end of the year and re-estimated when there is solid evidence that they are limited, with corresponding amortization under straight-line method.

#### 3.19.2. Determination basis of intangible assets with indefinite useful lives

The Company recognizes an asset for which the period it can bring economic benefits to the Company cannot be predicted or the useful life cannot be ascertained as an intangible asset with indefinite useful life. Basis to determine indefinite useful life: the asset comes from a contractual right or other legal rights, but the contractual terms or legal provisions states that there is no specific useful life; and it still cannot ascertain the period when the intangible asset can bring benefit to the Company after giving comprehensive consideration to the industry status or related professional evidence.

At the end of each year, the Company reviews the useful lives of those intangible assets with indefinite useful lives by using the top-down testing method, which means the fundamental reviews are made by relevant departments using the intangible assets, and assesses whether there is any change in the determination basis of indefinite useful live.

#### 3.20 Asset impairment

If any indication shows that long-term equity investments, investment properties measured at cost, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, goodwill and other long-term assets may be impaired on the balance sheet date, an impairment test can be conducted. If the recoverable amount of the asset is less than its book

value after test, assets impairment provision will be made at the difference and included into impairment loss.

The recoverable amount is determined at the higher of the net of the fair value less disposal costs and the present value of the expected future cash flows. The asset impairment provision shall be calculated and recognized on the basis of single asset, if it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the minimum combination of assets that can independently generate cash inflows.

Goodwill separately listed in the financial statements shall be tested for impairment for at least once a year, whether it has the sign of impairment. When the impairment test is conducted, the book value of goodwill is amortized to the asset group or the asset group portfolio expected to benefit from the synergistic effect of business combination. Where the results of the test indicate that the recoverable amount of asset group or asset group portfolio of goodwill containing allocation of goodwill is lower than book value, the corresponding impairment losses should be made. The amount of the impairment loss shall first be used to charge against the book value of the goodwill of assets or portfolio of asset groups then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or portfolio of asset groups with the goodwill excluded.

Once the loss of assets impairment is recognized, it is not allowed to be reversed even if the value can be recovered in subsequent period

### 3.21 Long-term deferred expenses

The Company's long-term deferred expenses refer to all kinds of paid-out expenses amortized over more than one year (excluding one year). Long-term deferred expenses are amortized by stages over the period of benefit. If long-term deferred expenses cannot benefit the following accounting periods, the amortized value of the expenses that have not been amortized shall be fully included in current profit or loss.

### 3.22 Employee salary

Employee compensations refer to multiform remuneration or compensation offered by an enterprise in order to get services provided by its employees or terminate the labor relation.

Employee compensation mainly includes short-term employee compensation, post-employment benefits, dismissal benefits and other long-term employee benefits.

#### 3.22.1. Short-term remunerations

The Company recognizes the short-term compensation actually incurred as a liability in the accounting period in which the employee performs services and is recorded in current profit or loss, except where other accounting standards require or permit the inclusion in cost of assets. Employee benefits incurred in the Company shall be included in current profit or loss or related assets cost at the amount when incurred. If the employee benefits are non-monetary benefits, they shall be measured at the fair value. During the accounting period when employees work for the Company, the corresponding amount of employee compensation is calculated and determined according to specified accruing basis and proportion as to the social insurance premiums such as the medical insurance premium, work-related injury insurance premium and maternity insurance premium and the housing provident fund paid for employees by the Company as well as trade union funds and employee education funds withdrawn by the Company as required, and the corresponding liabilities should be recognized and included into current profit or loss or related asset costs.

#### 3.22.2. Post-employment benefits and dismissal benefits

During the accounting period when employees work for the Company, the amount due to pay calculated on the basis of the defined contribution plans is recognized as liabilities and included into current profit or loss or related asset costs. The Company, according to the formula determined based on estimated total welfare unit method, recognizes the welfare obligations arising from defined benefit plan to the period of receiving services from employees and includes them into current profit or loss or relevant asset costs.

As to providing employees dismissal benefits, employee compensation incurred from dismissal benefits should be recognized as liabilities and included in current profit or loss at the date when the Group is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal or when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

#### 3.22.3. Other long-term employee benefits

Other long-term employee benefits provided by the Company to its employees that are eligible

for defined contribution plans are treated in accordance with the provisions on the defined contribution plans described above, and others are recognized and measured as a net liability or net asset in accordance with the provisions on the defined benefit plans.

### 3.23 Preference shares and perpetual bonds

#### 3.23.1 Classification of financial liabilities and equity instruments

The Company classifies the preference shares, perpetual bonds, warrants and convertible bonds etc. into financial liabilities or equity instruments according to the following criteria:

(a) To settle the contract obligation in cash, by other financial assets or exchange of financial assets or liabilities

If the Company can't avoid paying cash or other financial assets unconditionally to fulfill its obligation in one contract, the obligation of contract meets the definition of financial liabilities.

(b) To settle the contract obligation by the Company's own equity instruments

If the financial instrument shall or can be settled by the Company's own equity instruments for the alternatives of cash or other financial assets, the financial instrument is a financial liability of the Company; if the holder of financial instrument can enjoy the rest equity benefit after the Company deducts all liabilities from the assets, the financial instrument is an equity instrument of the Company.

(c) To distinguish between derivative financial instrument and non-derivative financial instrument when the Company shall or can settle the contract obligation using own equity instrument

For non- derivative financial instrument, if the Company has no obligation to settle by issuing convertible-quantity own equity instrument in the future, the non-derivative financial instrument is an equity instrument. Conversely the non-derivative financial instrument is a financial liability. For derivative financial instrument, if the Company can only settle the contract obligation using fixed-quantity own equity instrument to exchange fixed-amount cash or other financial assets, the derivative financial instrument is an equity instrument; if the Company uses fixed-quantity own equity instrument to exchange convertible-amount cash or other financial assets, or uses convertible-quantity own equity instrument to exchange fixed-amount cash or other financial assets, or when the transfer price is not fixed, uses convertible-quantity own equity instrument to exchange convertible-amount cash or other financial assets, the derivative financial instrument is a financial

liability or a financial asset.

### 3.23.2 The accounting treatment for preference shares and perpetual bonds

The Company accounts for the financial instruments that is classified as financial liabilities by the account "Bonds payable", calculates interest and adjusts the carrying amount of the interests payable etc. in accordance with the regulation of financial liability subsequent measurement with amortized cost in the financial instrument recognition and measurement standard. The Company accounts for the equity instruments in the account "other equity instruments" and treats the dividend payments (including interests arising from instruments that are classified as equity instruments) as profit distribution during the equity instruments' existence.

### 3.24 Revenues (Applicable from 1 January 2021)

The Company recognises revenue at the allocated transaction price when it satisfies a performance obligation in a contract, i.e. the customer obtains the control of related goods or services. Obtaining control of related goods means the ability to direct the use of, and obtain substantively all the benefits from it. A performance obligation is the Company's a promise in a contract with a customer to transfer to the customer a good or service (or a bundle of goods or services) that is distinct. The transactions price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts to be expected to repay the customer.

A performance obligation satisfied over time or at a point of time is determined by the terms in the contract and the requirements of relevant laws and regulations. If a performance obligation is satisfied over time, the Company will recognise revenue over time by its progress towards complete satisfaction of the performance obligation. Otherwise the Company will recognise revenue at a point of time when the customer obtains the control of related assets.

### 3.25 Revenues (Applicable until 1 January, 2021)

3.25.1. The amount of contract or agreement price received or receivable from the purchaser is recognized as revenue from sales of goods when the goods sold by the Company satisfy all the following conditions simultaneously: ① the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; ② the Company retains neither continuous



management rights usually associated with the ownership nor effective control over the goods sold; ③ the amount of revenue can be measured reliably; ④ it is highly likely that relevant economic benefits will flow into the enterprise; and ⑤ the relevant cost incurred or to be incurred can be measured reliably.

3.25.2. Service rendering: where the service is rendered and the transaction result of rendering of services can be reliably estimated on the balance sheet date, the Company recognizes the revenue from rendering of services under the percentage-of-completion method. The progress of the completion is recognized based on the proportion of the actual cost in the estimated total costs. If the outcome of services provided cannot be reliably measured on the balance sheet date, measurement of revenue from rendering services is accounted for in accordance with the following circumstances, respectively: ① if the service costs incurred are expected to be compensated, revenues from rendering of service are recognized at the service costs incurred, and the service costs should be carried forward by the same amount; or ② if the service costs incurred are not expected to be fully compensated, revenues from rendering of service are not recognized and the service costs incurred are included in current profit or loss.

The Company's income from agent construction is recognized at the time when it hands over the agent construction project according to the completion progress and receives the confirmation letter for the handover and confirmation of the agent construction project. The income from land consolidation is recognized at the time when the confirmation letter for handover is signed and the land involved in land consolidation is handed over. The medical income is recognized at the time when a medical examination sheet or treatment sheet is issued and drugs are issued or examination and treatment medical services are provided.

3.25.3. Transfer of use right of assets: revenues from transferring use right of assets shall be recognized when the relevant economic interests are likely to flow into the Company and the amount of such revenue can be measured reliably.

The amount of interest should be measured on the basis of time proportion and the effective interest rate; the amount of royalty should be measured according to the term and payment method stipulated in the relevant contract or agreement.

### 3.26 Contract costs

The contract costs of the Company include the incremental costs to obtain a contract and the costs to fulfil a contract. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. If the Company expects to recover those costs, the costs will be recognised as an asset.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard like Accounting Standards for Business Enterprises No. 1- Inventories, they will be treated as the costs to fulfil a contract and recognised as an asset when meeting the following conditions:

a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify, including direct labour, direct materials, allocations of costs that relate directly to the contract, costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because the Company entered into the contract;

b) the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

c) the costs are expected to be recovered.

The Company records the costs to fulfil a contract in the inventory whose amortization period upon initial recognition is no longer than one year or one common operating cycle, and records the costs to fulfil a contract in the other non-current assets whose amortization period upon initial recognition is longer than one year or one common operating cycle.

The Company amortizes the assets recognised by the term of costs to obtain a contract and costs to fulfil a contract on a systematic basis that is consistent with the revenue recognition to which the assets relate. The incremental costs of obtaining a contract are recognised as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset recognised exceeds:

(a) the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that are estimated to incur.

When the impairment conditions no longer exist or have improved that make the total of (a) and (b) higher than carrying amount of an asset, the Company will recognise in profit or loss a reversal of some or all of an impairment loss previously recognised. The increased carrying amount of the asset will not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

### 3.27 Government subsidies

#### 3.27.1. Type and accounting treatment

Government subsidies are monetary assets or non-monetary assets (but excluding capital invested by the government as owner) that the Company obtains from the government without consideration. Government subsidies that are monetary assets should be measured at the amount received or receivable. If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount.

Government subsidies related to routine activities should, according to the nature of business transaction, be included in other income. Where the government subsidies are irrelevant to the daily activities of the Company, they will be included in non-operating income or expenses.

Government subsidies that are explicitly stated in government documents to be used for the acquisition or other formation of long-term assets are recognized as asset-related government subsidies. Where the government subsidies without subsidy objects clearly defined by the government documents are able to form long term assets, the part of such government subsidies corresponding to the asset value shall serve as the asset-related government subsidies, and the remaining part thereof shall serve as the income-related government subsidies; if it is difficult to be distinguished, the whole government subsidies shall serve as the income-related government subsidies. Government subsidies related to assets have offset the book value of relevant assets.

Government subsidies other than those related to assets are recognized as government subsidies related to income. Government subsidies relating to income to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in current profit or loss where

the relevant expenses are recognized; those to be used as compensation for relevant expenses or losses already incurred shall be recorded directly in current profit or loss.

If the Company obtains a policy-based preferential loan subsidy and the finance allocates the subsidy funds to the lending bank, and the lending bank provides loans to the Company at the policy-based preferential interest rate, the actual amount of borrowing received is used as the recording value of the borrowing, and the related borrowing costs are calculated according to the principal amount of the borrowing and the policy-based preferential interest rate; if the finance allocates the subsidy funds directly to the Company, the Company will offset the corresponding discount against the related borrowing. The Company will offset the corresponding discounted interest rate against the related borrowing costs.

#### 3.27.2. Recognition timing of government subsidy

Government subsidies are recognized when the Group is eligible for the conditions for government subsidies and can receive them. However, government subsidies measured at receivables are recognized when there is strong evidence at the end of the period that such subsidies comply with the relevant conditions prescribed by the financial support policies and the financial support funds are expected to be received. Government subsidies other than those measured at amount receivable will be recognized upon the actual receipt of the grants.

#### 3.28 Deferred tax assets and deferred tax liabilities

3.28.1. Deferred tax assets and deferred tax liabilities are calculated and recognized according to the difference between the book values and tax bases of the assets and liabilities (or according to the tax bases in respect of items that are not recognized as assets and liabilities but whose tax bases can be determined according to tax provisions), plus the applicable tax rates prevailing in the expected period of asset recovery or liability.

3.28.2. The Company shall recognize the deferred tax assets to the extent of the taxable income which it is most likely to be obtained to deduct the deductible temporary differences. On the balance sheet date, if there is any exact evidence showing that it is likely to acquire sufficient amount of taxable income tax in a future period to offset against the deductible temporary difference, the deferred tax assets unrecognized in prior periods shall be recognized. If it is unlikely to obtain sufficient taxable income to offset the deferred tax assets, the book value of the deferred tax assets

shall be written down.

The taxable temporary differences related to the investments of subsidiaries and associates shall be recognized as deferred tax liabilities unless the Company can control the time of the reverse of temporary differences; and the temporary differences are unlikely to be reversed in the expected future. For the deductible temporary difference related to the investments of the subsidiaries and associates, the Group shall recognize the corresponding deferred tax assets when the temporary differences are likely to be reversed in the expected future; and it is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.

### 3.29 Leases (Applicable from 1 January 2021)

#### 3.29.1 The accounting treatment for lessee

At the lease commencement date, the Company recognises right-of-use assets and lease liabilities for all other leases except short-term leases and leases of low-value assets, and will recognise depreciation expenses and interest expenses separately over the lease term.

The Company recognises rental expenses in profit or loss applying a straight-line basis in each period over the lease term for short-term leases and leases of low-value assets.

##### 3.29.1.1 Right-of-use assets

Right-of-use assets represent a lessee's rights to use the underlying assets for the lease term. At the commencement date, a right-of-use asset is measured at cost. The cost includes:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received if such lease incentives exist;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets of the Company are depreciated by the straight line method based on their category. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If the Company can reasonably be certain that the ownership of a leased asset will be obtained at the expiration of the lease term, the related right-of-use asset is depreciated over

the useful life of the underlying asset. The related right-of-use asset is depreciated over the shorter of lease term and residual use life of the underlying asset if the Company can not reasonably be certain that the ownership of a leased asset will be obtained at the expiration of lease term.

The Company determines whether a right-of-use asset is subject to impairment or not in accordance with the requirements of Accounting Standards for Business Enterprises No. 8- Impairment of assets.

#### 3.29.1.2 Lease liabilities

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments include: (a) fixed payments (including in-substance fixed payments) less any lease incentives if such lease incentives exist; (b) variable lease payments that depend on an index or a rate; (c) amounts expected to be payable by the lessee under residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Company uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. The Company calculates the interest expenses which are recorded in finance expenses using the constant periodic rate of interest in each period during the lease term. The periodic rate of interest is the discount rate or adjusted discount rate the Company uses.

Variable lease payments which are not included in the measurement of lease liabilities are recognised in profit or loss when they actually occur.

If the assessment of an option to renew, terminate or purchase the underlying asset changes, the lease liability is remeasured by the revised lease payments using a revised discount rate and the carrying amount of right-of-use asset is revised accordingly. When there is a change in the in-substance fixed payment, the amount expected to be payable under a residual value guarantee, or the variable lease payment that depends on an index or a rate, the lease liability is remeasured by the revised lease payments using an unchanged discount rate and the carrying amount of right-of-use asset is revised accordingly.

#### 3.29.2 The accounting treatment for lessor

#### 3.29.2.1 The accounting treatment for operating lease

The Company recognises lease payments for operating leases in profit or loss applying a straight-line basis in each period over the lease term. The Company capitalized the initial direct expenses incurred which are amortizes in profit or loss over the lease term on the same recognition basis as the lease income.

#### 3.29.2.2 The accounting treatment for finance lease

The Company recognises the unearned finance income by the difference between the sum of finance lease receivable and unguaranteed residual value, and their present value at the commencement date, which will be recognised as lease income in the periods to collect lease payment. The initial direct expenses incurred relating to the lease transaction will be included in the initial carrying amount of finance lease receivable.

#### 3.30 Leases (Applicable until 1 January, 2021)

3.30.1. Accounting treatment of operating lease: rental payment for operating lease during the lease term should be included into related asset costs or current profit or loss by using the straight-line method.

3.30.2. Accounting of financing lease: The book-entry value of leased assets shall be recognized at the lower of their fair values or their present values of the minimum lease payments, and the difference between the book-entry value of leased assets and minimum lease payments shall be unrecognized financing expenses, which are amortized in effective interest method during the lease period. The balance of the minimum lease payment deducting the unrecognized financial expenses shall be presented as the long-term payables.

#### 3.31 Notes to changes in significant accounting policies and accounting estimates

##### 3.31.1 The changes of accounting policies and reason for change

3.31.1.1 The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting and Accounting Standards for Business Enterprises No. 37 in 2017 No. -- Presentation of Financial Instruments (the above four standards are collectively referred to as the "New Financial Instrument Standards"). The Company will implement the new financial

instrument standards from January 1, 2021.

3.31.1.2 In 2017, the Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the "New Revenue Standards"). The company will implement the new revenue standard and notice on January 1, 2021 to adjust the relevant contents of the accounting policy.

3.31.1.3 The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 21 - Leases in December 2018. The company shall be effective from January 1, 2021. 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, without adjusting the information in the comparable period.

### 3.31.2 The impact of accounting policies change

#### 3.31.2 .1 The impact of the implementation of the new financial instrument standards

Items in consolidated statements	As at December 31, 2020	Amount affected	As at January 1, 2021
assets:			
Accounts receivable	10,766,840,514.60	2,636,554.09	10,769,477,068.69
Other receivables	10,297,493,157.81	-143,468,002.96	10,154,025,154.85
Available-for-sale financial assets	690,985,385.80	-690,985,385.80	
Other equity instrument investments		690,985,385.80	690,985,385.80
liabilities:			
Other payables	6,543,926,061.29	-297,247,137.86	6,246,678,923.43
Non-current liabilities due within one year		297,247,137.86	297,247,137.86
Owner's equity:			
Undistributed profit	7,432,207,618.12	-124,514,502.66	7,307,693,115.46
Minority shareholders' equity	3,661,217,217.38	-16,316,946.21	3,644,900,271.17

#### 3.31.2 .2 The impact of the implementation of the new revenue criteria

Items in consolidated statements	As at December 31, 2020	Amount affected	As at January 1, 2021
liabilities:			
Advances from customers	2,103,112,329.77	-2,103,112,329.77	
Contract liabilities		1,929,460,853.00	1,929,460,853.00
Other current liabilities		173,651,476.77	173,651,476.77



## 4. Taxation

### 4.1 Main tax types and tax rates

Tax type	Tax basis	Tax rate
VAT	calculated and paid according to the difference after deducting the deductible input tax in this period from the output tax.	3%, 5%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Enterprise income tax	Taxable income	25%

### 4.2 Significant tax preference and approvals

According to the Circular on Issues concerning the Treatment of Enterprise Income Tax on Special-Purpose Fiscal Funds (Cai Shui [2011] No.70) issued by the Ministry of Finance and the State Taxation Administration, the fiscal funds received by a company and its subsidiaries are treated as non-taxable income and deducted from the total income when the taxable income is calculated.

## 5. Notes to mains items of the consolidated financial statements

### 5.1 Monetary funds

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Cash	249,561.30	246,381.70	257,232.24
Bank deposit	9,756,930,168.97	9,878,775,353.48	8,653,423,611.63
Other monetary funds	1,378,234,296.40	709,807,418.29	317,609,192.00
Total	11,135,414,026.67	10,588,829,153.47	8,971,290,035.87

Remark: Among other monetary funds, RMB 1,378,228,643.51 is used to obtain pledged loans and as deposit for letters of credit and bank acceptance bills, and RMB 5,652.89 is frozen funds.

### 5.2 Financial assets held for trading

Category	As at December 31, 2022	As at December 31, 2021
1. Classified as financial assets measured at fair value and whose changes are recorded in current profits and losses		3,326,353.42
Including: financial products		3,326,353.42
Total		3,326,353.42

### 5.3 Notes receivable

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Bank acceptance bills	14,093,898.17	24,000.00	112,010.00
Commercial acceptance bills			663,020.00

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Total	14,093,898.17	24,000.00	775,030.00

#### 5.4 Accounts receivable

##### 5.4.1 Classified disclosure of accounts receivable (applicable to the new Financial Instrument Standards)

Category	As at December 31, 2022			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Proportion of provision (%)
Accounts receivable with significant single amount and individual provision for bad debts	22,179,143.60	0.21	22,179,143.60	100.00
Accounts receivable for which provision for bad debts is made on a portfolio basis	10,387,119,928.52	99.79	361,648,433.65	3.48
Including: Accounts receivable group 1: Government accounts receivable outside the scope of consolidated statements	8,927,648,119.69	85.77	26,782,944.36	0.30
Accounts receivable group 2: Other accounts receivable outside the scope of consolidated statements	939,977,461.80	9.03	27,548,850.08	2.93
Accounts receivable group 3: Medicare receivables outside the scope of consolidated statements	519,494,347.03	4.99	307,316,639.21	59.16
Total	10,409,299,072.12	100.00	383,827,577.25	3.69

Category	As at December 31, 2021			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Proportion of provision (%)
Accounts receivable with significant single amount and individual provision for bad debts	22,179,143.60	0.19	22,179,143.60	100.00
Accounts receivable for which provision for bad debts is made on a portfolio basis	11,597,364,065.60	99.81	287,211,180.04	2.48
Including: Accounts receivable group 1: Government accounts receivable outside the scope of consolidated statements	10,356,689,821.16	89.14	31,152,857.39	0.30
Accounts receivable group 2: Other accounts receivable outside the scope of consolidated statements	810,448,764.36	6.97	13,620,482.72	1.68
Accounts receivable group 3: Medicare receivables outside the scope of consolidated statements	430,225,480.08	3.70	242,437,839.93	56.35
Total	11,619,543,209.20	100.00	309,390,323.64	2.66

##### 5.4.1.1 Accounts receivable with significant single amount and individual provision for bad debts

Customer	Aging	Book balance	Provision ratio (%)	Provision for bad debts	Reason
Irrecoverable in long run	Over 5 years	22,179,143.60	100.00	22,179,143.60	Irrecoverable

#### 5.4.1.2 Accounts receivable for which provision for bad debts is made on a portfolio basis

Accounts receivable group 1: Government accounts receivable outside the scope of consolidated statements:

Aging	As at December 31, 2022		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	2,196,476,954.25	0.30	6,589,430.86
1-2 years	4,085,440,532.00	0.30	12,256,321.60
2-3 years	2,438,345,783.44	0.30	7,315,037.35
Over 3 years	207,384,850.00	0.30	622,154.55
Total	8,927,648,119.69	0.30	26,782,944.36

Aging	As at December 31, 2021		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	6,770,760,015.79	0.30	20,395,067.98
1-2 years	2,613,879,374.30	0.30	7,841,638.12
2-3 years	971,613,647.38	0.30	2,914,840.94
Over 3 years	436,783.69	0.30	1,310.35
Total	10,356,689,821.16	0.30	31,152,857.39

Accounts receivable group 2: Other accounts receivable outside the scope of consolidated statements:

Aging	As at December 31, 2022		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	799,345,884.83	0.30	2,398,037.64
1-2 years	92,245,469.05	5.00	4,612,273.45
2-3 years	10,453,369.91	10.00	1,045,337.01
3-4 years	4,341,884.74	20.00	868,376.95
4-5 years	29,932,056.50	50.00	14,966,028.26
Over 5 years	3,658,796.77	100.00	3,658,796.77
Total	939,977,461.80	2.93	27,548,850.08

Aging	As at December 31, 2021		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	756,934,286.69	0.30	2,270,802.86

Aging	As at December 31, 2021		
	Amount	Proportion of provision (%)	Provision for bad debts
1-2 years	14,819,891.78	5.00	740,994.59
2-3 years	4,451,629.30	10.00	445,162.93
3-4 years	30,022,318.06	20.00	6,004,463.61
4-5 years	123,159.60	50.00	61,579.80
Over 5 years	4,097,478.93	100.00	4,097,478.93
Total	810,448,764.36	1.68	13,620,482.72

Accounts receivable group 3: Medicare receivables outside the scope of consolidated statements

Aging	As at December 31, 2022		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	170,681,121.72	5.00	8,534,056.09
1-2 years	75,194,991.14	50.00	37,597,495.58
2-3 years	62,165,733.11	80.00	49,732,586.48
Over 3 years	211,452,501.06	100.00	211,452,501.06
Total	519,494,347.03	59.16	307,316,639.21

Aging	As at December 31, 2021		
	Amount	Proportion of provision (%)	Provision for bad debts
Within 1 year	156,530,445.34	5.00	7,826,522.27
1-2 years	62,242,533.68	50.00	31,121,266.84
2-3 years	39,812,251.18	80.00	31,849,800.94
Over 3 years	171,640,249.88	100.00	171,640,249.88
Total	430,225,480.08	56.35	242,437,839.93

5.4.2 Classified disclosure of accounts receivable (applicable to the original financial Instruments

Criteria)

Category	As at December 31, 2020			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Proportion of provision (%)
Accounts receivable with significant single amount and individual provision for bad debts	409,007,725.73	3.71	216,370,850.33	52.90
Including: Portfolio of medical insurance bureau	386,429,176.97	3.51	193,792,301.57	50.15
Irrecoverable for long term	22,578,548.76	0.20	22,578,548.76	100.00
Accounts receivable with provisions for bad debts under portfolio 2	10,606,021,704.31	96.28	31,818,065.11	0.30
Accounts receivable that are individually insignificant but subject to individual provision for bad debt	584,018.69	0.01	584,018.69	100.00

Category	As at December 31, 2020			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Proportion of provision (%)
Total	11,015,613,448.73	100.00	248,772,934.13	

5.4.2.1 Accounts receivable with significant single amount and individual impairment provision as at the end of the period

Customer	Aging	Book balance	Provision ratio (%)	Provision for bad debts	Reason
Portfolio of medical insurance bureau	Within 1 year	170,813,065.97	5.00	8,540,653.31	High difficulty in recovery
Portfolio of medical insurance bureau	1-2 years	43,975,861.12	50.00	21,987,930.56	High difficulty in recovery
Portfolio of medical insurance bureau	2-3 years	41,882,660.89	80.00	33,506,128.71	High difficulty in recovery
Portfolio of medical insurance bureau	Over 3 years	129,757,588.99	100.00	129,757,588.99	High difficulty in recovery
Sub-total		386,429,176.97	50.15	193,792,301.57	
Irrecoverable in long run	Over 5 years	22,578,548.76	100.00	22,578,548.76	Irrecoverable
Total		409,007,725.73		216,370,850.33	--

5.4.2.2 Accounts receivable with provisions for bad debts under portfolio 2

Aging	As at December 31, 2020	
	Book balance	Ratio (%)
Within 1 year	5,486,187,824.11	51.73
1-2 years	3,372,835,051.59	31.80
2-3 years	1,390,036,173.66	13.11
Over 3 years	356,962,654.95	3.37
Total	10,606,021,704.31	100.00
Less: provision for bad debts	31,818,065.11	
Net accounts receivable	10,574,203,639.20	

5.4.3 Top five accounts receivable by the debtor in terms of the ending balance

Entity name	Ending balance	Proportion in total amount of receivables (%)	Balance of provision for bad debts
Huangshi New Port (logistics) Industrial Park Management Committee	2,716,675,044.90	26.10	8,150,025.13
Management Committee of Huangshi Economic and Technological Development Zone	2,271,283,286.85	21.82	6,813,849.86
Hubei Guangliang New Energy Industry Investment Co	1,464,404,615.32	14.07	4,393,213.85
Huangshi Jingkai Investment Development Co. LTD	900,000,000.00	8.65	2,700,000.00
Newport Park Finance Bureau	668,948,900.00	6.43	2,006,846.70

Entity name	Ending balance	Proportion in total amount of receivables (%)	Balance of provision for bad debts
Huangshi New Port (logistics) Industrial Park Management Committee	2,716,675,044.90	26.10	8,150,025.13
Management Committee of Huangshi Economic and Technological Development Zone	2,271,283,286.85	21.82	6,813,849.86
Hubei Guangliang New Energy Industry Investment Co	1,464,404,615.32	14.07	4,393,213.85
Huangshi Jingkai Investment Development Co. LTD	900,000,000.00	8.65	2,700,000.00
Total	8,021,311,847.07	77.06	24,063,935.54

### 5.5 Receivables for financing

Category	As at December 31, 2022	As at January 1, 2021
Notes receivable		10,000,000.00
Total		10,000,000.00

### 5.6 Advances to suppliers

#### 5.6.1. Presentation of prepayments by aging

Aging	As at December 31, 2022		As at December 31, 2021		As at December 31, 2020	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	1,222,931,261.28	85.64	1,478,878,043.74	81.83	310,675,947.64	50.90
1-2 years	126,496,620.60	8.86	255,217,833.40	14.12	125,416,243.52	20.55
2-3 years	9,127,705.29	0.64	12,896,943.31	0.71	27,455,658.14	4.50
Over 3 years	69,466,496.43	4.86	60,419,111.92	3.34	146,793,710.73	24.05
Total	1,428,022,083.60	100.00	1,807,411,932.37	100.00	610,341,560.03	100.00

#### 5.6.2. Advances to suppliers with large amount and aging of over 1 year as at December 31, 2022

Creditor	Debtor	Ending balance	Aging	Reasons for no settlement
Huangshi Cihu High-tech Development Co., Ltd.	Department of Finance of Huangshi Economic & Technological Development Area	115,832,886.72	Over 3 years	The land transfer fee has been paid but the land certificate has not yet been applied for
Total		115,832,886.72		

#### 5.6.3. Top five advances to suppliers

Entity name	Ending balance	Percentage of total advances (%)
Huangshi Jingkai investment development Co., LTD	1,000,000,000.00	70.03
Advance land payment from the District Finance Bureau	115,832,886.72	8.11
Wuhan Accord Municipal Construction Engineering Co., LTD	38,970,516.71	2.73

Entity name	Ending balance	Percentage of total advances (%)
China Chemical Engineering 16th Construction Co., LTD	31,506,340.44	2.21
China 22MCC Group Co. LTD	9,199,419.36	0.64
Total	1,195,509,163.23	83.72

#### 5.7 Other receivables

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Interest receivable		281,000.00	233,500.00
Dividends receivable			
Other receivables	9,893,748,560.84	7,858,424,344.04	10,338,797,956.05
Less: provision for bad debts	336,360,622.59	243,654,006.81	41,538,298.24
Total	9,557,387,938.25	7,615,051,337.23	10,297,493,157.81

#### 5.7.1 Interest receivable

Item	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Others		281,000.00	233,500.00
Total		281,000.00	233,500.00

#### 5.7.2 Other receivables

##### 5.7.2.1 Other receivables(applicable to the new Financial Instrument Standards)

##### 5.7.2.1.1 Aging analysis of other receivables

Aging	As at December 31, 2022	
	Book balance	Ratio (%)
Within 1 year	5,861,744,269.55	59.25
1-2 years	1,861,091,334.48	18.81
2-3 years	433,808,498.64	4.38
Over 3 years	1,737,104,458.17	17.56
合 计	9,893,748,560.84	100.00

Aging	As at December 31, 2021	
	Book balance	Ratio (%)
Within 1 year	3,050,248,313.19	38.82
1-2 years	1,925,053,995.37	24.50
2-3 years	1,268,696,919.39	16.14
Over 3 years	1,614,425,116.09	20.54
合 计	7,858,424,344.04	100.00

5.7.2.1.2 Provision for bad debts

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (credit-unimpaired)	Lifetime ECL (credit-impaired)	
Balance as at 1/1/2021	185,006,301.20			185,006,301.20
Provision during the year	68,687,490.87			68,687,490.87
Reversal during the year	9,772,376.79			9,772,376.79
Write-off during the year	267,408.47			267,408.47
Balance as at 31/12/2021	243,654,006.81			243,654,006.81

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (credit-unimpaired)	Lifetime ECL (credit-impaired)	
Balance as at 1/1/2022	243,654,006.81			243,654,006.81
Provision during the year	92,811,916.96			92,811,916.96
Reversal during the year	38,664.57			38,664.57
Write-off during the year	66,636.61			66,636.61
Balance as at 31/12/2022	336,360,622.59			336,360,622.59

5.7.2.2 Other receivables(The original Financial Instruments Standard applies)

Category	As at December 31, 2020			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Proportion of provision (%)
Other receivables that are individually significant and subject to individual provision for bad debts	10,553,565.07	0.10	10,553,565.07	100
Other receivables with provision for bad debts under portfolio 2	10,328,244,390.98	99.90	30,984,733.17	0.30
Total	10,338,797,956.05	100.00	41,538,298.24	0.40

5.7.2.2.1 Other receivables with significant single amount and individual allowance for bad debts as at the end of the period

Debtor	Book balance	Provision for bad debts	Aging	Proportion of provision (%)	Reason
Irrecoverable in long run	10,553,565.07	10,553,565.07	Over 5 years	100.00	Irrecoverable



Debtor	Book balance	Provision for bad debts	Aging	Proportion of provision (%)	Reason
Total	10,553,565.07	10,553,565.07			

#### 5.7.2.2.2 Other receivables with provision for bad debts under portfolio 2

Aging	As at December 31, 2020	
	Book balance	Ratio (%)
Within 1 year	4,674,129,397.41	45.26
1-2 years	2,526,388,997.98	24.46
2-3 years	1,909,740,329.96	18.49
Over 3 years	1,217,985,665.63	11.79
Total	10,328,244,390.98	100.00
Less: provision for bad debts	30,984,733.17	
Net amount of other receivables	10,297,259,657.81	

#### 5.7.2.3 Other receivables by nature

Nature of payment	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Borrowings and current accounts	8,826,458,723.74	4,707,887,571.94	3,335,459,969.64
Payments and advances	822,403,256.53	1,235,091,720.57	4,246,821,656.99
Deposits and margin	244,886,580.57	1,915,445,051.53	1,649,678,700.03
Land fees receivable			1,106,837,629.39
Total	9,893,748,560.84	7,858,424,344.04	10,338,797,956.05

#### 5.7.2.4 Top 5 of other receivables in terms of ending balances by debtors

Debtor	Nature	Ending balance	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts
Huangshi City land reserve center	Current account	2,508,061,830.16	Within 1 year and over 5 years	25.35	7,524,185.49
Hubei Changjiang Green Energy Technology Co., LTD	Current account	2,068,692,620.28	Within 1 year	20.91	6,206,077.86
Huangshi Jingkai investment development Co., LTD	Current account	1,127,469,815.02	Within 1 year	11.40	3,382,409.45
Huangshi Economic and technological Development Zone land acquisition reserve center	Current account	820,933,511.32	Within 1 year	8.30	2,462,800.53
Huangshi City Finance Bureau	Current account	797,044,045.65	Within 1 year and over 5 years	8.06	2,391,132.14
Total		7,322,201,822.43		74.02	21,966,605.47

### 5.8 Inventories

Inventory category	As at December 31, 2022			As at December 31, 2021			As at December 31, 2020		
	Book balance	depreciation Bad debts	Book value	Book balance	depreciation Bad debts	Book value	Book balance	depreciation Bad debts	Book value
Raw materials	14,857,204.54		14,857,204.54	30,195,474.36		30,195,474.36	59,376,838.60		59,376,838.60
Merchandise inventories	167,172,971.28		167,172,971.28	233,259,755.82	15.62 8.78	233,244,127.04	670,239,600.28		670,239,600.28
Engineering agent construction projects	14,693,037,698.75		14,693,037,698.75	13,062,668,156.67		13,062,668,156.67	11,222,070,711.80		11,222,070,711.80
Project construction	398,931,529.62		398,931,529.62	363,202,325.12		363,202,325.12	249,084,241.53		249,084,241.53
Development cost	7,380,946,239.70		7,380,946,239.70	4,183,253,001.11		4,183,253,001.11	2,090,659,217.83		2,090,659,217.83
Land use rights	12,533,657,001.78		12,533,657,001.78	12,624,708,002.69		12,624,708,002.69	12,112,591,915.61		12,112,591,915.61
Low-value consumables							536,632.04		536,632.04
Total	35,188,602,645.67		35,188,602,645.67	30,497,286,715.77	15.62 8.78	30,497,271,086.99	26,404,559,157.69		26,404,559,157.69

### 5.9 Other current assets

Item	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Prepaid taxes	53,486,397.75	177,448,908.80	139,519,729.65
Pending deduct VAT on purchase	158,602,181.21		
Bank financing			5,326,353.42
Total	212,088,578.96	177,448,908.80	144,846,083.07

### 5.10 Available-for-sale financial assets

#### 5.10.1. Available-for-sale financial assets

Item	As at December 31, 2020		
	Book balance	Impairment Bad debts	Book value
Available-for-sale equity instruments	644,991,635.80		644,991,635.80
Including: Measured at cost	644,991,635.80		644,991,635.80
Available-for-sale debt instruments	45,993,750.00		45,993,750.00
Total	690,985,385.80		690,985,385.80

#### 5.10.2. Details of investment in important equity instruments measured at cost

Investee	Book balance			Depreciation provision	Shareholding ratio in the investee (%)	Cash bonus in 2020
	As at December 31, 2019	Increase in this period Decrease	As at December 31, 2020			
Hainan Property Co., Ltd.	690,000.00		690,000.00		0.13	4,228,789.08
Hubei CHD Xisaishan Power Generation Co., Ltd.	18,950,000.00		18,950,000.00		2.00	

Investee	Book balance			Depreciation provision	Shareholding ratio in the investee (%)	Cash bonus in 2020
	As at December 31, 2019	Increase in this period Decrease	As at December 31, 2020			
Huangshi Small and Medium-sized Enterprise Guarantee Co., Ltd.	99,472,499.00	839,285.00	100,311,784.00		9.18	839,285.00
Hubei Energy Group Edong Natural Gas Co., Ltd.	9,600,000.00		9,600,000.00		8.00	
Hubei Edong Changjiang Expressway Bridge Co., Ltd.	36,011,982.00		36,011,982.00		3.50	
Huangshi Rural Commercial Bank Co., Ltd.	11,903,949.00		11,903,949.00		2.203	634,560.00
Hubei Bank	9,360,820.00		9,360,820.00		0.11	1,861,957.10
Hubei Jiupai Capital Fund Co., Ltd.	9,909,682.00	-3,761,951.20	6,147,730.80		9.40	
Huangshi Port Authority	2,883,370.00		2,883,370.00		0.05	
Huangshi Sports Commission Training Hall	1,000,000.00		1,000,000.00		1.00	
Huangshi Jinfu New Energy Development Co., Ltd.	7,500,000.00		7,500,000.00		15.00	
Huangshi Rongke Innovation Investment Fund Center	5,000,000.00	-5,000,000.00			3.33	
Hubei Jinkong Financial Leasing Co., Ltd.	30,000,000.00		30,000,000.00		10.00	
Huangshi Jingtou Industrial Investment Fund Center	90,000,000.00		90,000,000.00		75.00	
Huangshi MCC Infrastructure Construction Co., Ltd.	1,432,000.00		1,432,000.00		1.79	
Huangshi MCC Jianxin Industry Fund Center (Limited Partnership)	43,000,000.00		43,000,000.00		1.00	
Huangshi Aerospace Xiangyu Environmental Protection Co., Ltd.		4,600,000.00	4,600,000.00		10.00	
Huangshi Jingkai Construction Development Co., Ltd.		4,400,000.00	4,400,000.00			
Huangshi Xingang Nonferrous Chemical Terminal Co., Ltd.	10,000,000.00		10,000,000.00		20.00	
Huangshi Jinggang New Energy Co., Ltd.	30,000,000.00		30,000,000.00		20.00	
Yangxin Small and Medium-sized Enterprise Investment Guarantee Co., Ltd.	30,000,000.00		30,000,000.00		12.00	
Baosteel Huangshi Coated Sheet Co., Ltd.	72,000,000.00		72,000,000.00		13.37	1,048,208.00
Hubei CFMCC Xingang Construction Management Co., Ltd.	5,000,000.00		5,000,000.00		10.00	

Investee	Book balance			Depreciation provision	Shareholding ratio in the investee (%)	Cash bonus in 2020
	As at December 31, 2019	Increase in this period Decrease	As at December 31, 2020			
Huangshi Xingang Modern Logistics Park Co., Ltd.	6,450,000.00	13,750,000.00	20,200,000.00		20.00	
Yangxin Hongsheng Copper Industry Co., Ltd.	40,000,000.00	40,000,000.00	80,000,000.00		16.00	
Huangshi Xingang Engineering Construction Co., Ltd.		20,000,000.00	20,000,000.00		49.00	
<b>Total</b>	<b>570,164,302.00</b>	<b>74,827,333.80</b>	<b>644,991,635.80</b>			<b>8,612,799.18</b>

## 5.11 Long-term receivables

### 1. Long-term receivables

Item	As at December 31, 2022			As at December 31, 2021			As at December 31, 2020		
	Net book assets balance	Bad debts Bad debts	Net book assets value	Net book assets balance	Bad debts Bad debts	Net book assets value	Net book assets balance	Bad debts Bad debts	Net book assets value
Loans repaid by installment	87,240,000.00		87,240,000.00	10,000,000.00		10,000,000.00	10,000,000.00		10,000,000.00
<b>Total</b>	<b>87,240,000.00</b>		<b>87,240,000.00</b>	<b>10,000,000.00</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>		<b>10,000,000.00</b>

## 5.12 Long-term equity investments

Associate	As at December 31, 2019	Increase/decrease in this period			As at December 31, 2020	Provision for impairment as at December 31, 2020
		Additional investment	Profit or loss on investments recognized under the equity method	Cash dividends or profits declared and distributed		
Huangshi petrochina Kunlun City investment gas Co., LTD	67,002,369.28	-149,592.39	14,831,657.52	8,649,320.00	73,035,114.41	
Dazhi bamboo and wood products company	1,551,372.60				1,551,372.60	1,551,372.60
Yellowstone high-tech enterprise accelerator development Co., LTD	196,533.07	-196,533.07				
Huangshi Tianting Cloud computing Technology Co., LTD	905,050.49				905,050.49	905,050.49
Huangshi Zhongan motor vehicle testing Co., LTD	1,469,561.72		386,062.86	200,000.00	1,655,624.58	
Huangshi Ai green city investment environmental protection technology Co., LTD	1,439,586.46	-1,439,586.46				
Stone crystal Wei da Optoelectronic Technology Co., LTD	4,138,588.03		183,609.98		4,322,198.01	
Huangshi Shengxiang copper Co., LTD	93,506,750.73	9,000,000.00	492,207.67	1,730,000.00	101,268,958.40	
Hubei Changrui Construction Investment Co., LTD	85,559,086.80		20,692,159.05	24,990,000.00	81,261,245.85	
Huangshi City Huantou Lande renewable energy Co., LTD	7,281,931.50		-772,831.29		6,509,100.21	

Associate	As at December 31, 2019	Increase/decrease in this period			As at December 31, 2020	Provision for impairment as at December 31, 2020
		Additional investment	Profit or loss on investments recognized under the equity method	Cash dividends or profits declared and distributed		
Hubei Environmental Remediation and treatment Technology Research Co., LTD	2,039,195.81		452,535.49		2,491,731.30	
Hubei Zhengtong Smart City Technology Co., LTD	4,173,459.70		2,841.95		4,176,301.65	
Iron Investment Hubei Zhongkun Technology Co., LTD	1,771,177.15		251,337.08		2,022,514.23	
Hubei Zerong International Trade Co., LTD		460,000.00	-9,015.11		450,984.89	
Hubei Hubei Tourism Investment Huangshi Investment development Co., LTD	59,014,357.39		-217,529.84		58,796,827.55	
Haiguanshan Cultural communication Co., LTD	96,415.37				96,415.37	
Huangshi Medical maintenance medical inspection Co., LTD	6,852,966.85	2,720,000.00	5,179,903.83		14,752,870.68	
Huangshi high-tech industry Investment Co., LTD	106,868,032.51		42,300.66		106,910,333.17	
Yangxin County construction engineering quality testing center Xingang sales Department - principal	2,156,505.44		596,790.37		2,753,295.81	
Huangshi World City New Street Property Co., LTD		29,758,199.92			29,758,199.92	
Huaxin Environmental Engineering (Huangshi) Co., LTD		2,160,000.00	-124,098.19		2,035,901.81	
Huangshi City Chengfa hotel management Co., LTD		500,000.00			500,000.00	
Medical care group accounts for Hubei Eastern medical care home for the elderly service Co., LTD		880,000.00	-36,669.37		843,330.63	
Huangshi Huaxin green building materials Industry Co., LTD		100,000,000.00			100,000,000.00	
	446,022,940.90	143,692,488.00	41,951,262.66	35,569,320.00	596,097,371.56	2,456,423.09

Associate	As at December 31, 2020	Increase/decrease in this period			As at December 31, 2021	Provision for impairment as at December 31, 2021
		Additional investment	Profit or loss on investments recognized under the equity method	Cash dividends or profits declared and distributed		
Huangshi petrochina Kunlun City investment gas Co., LTD	73,035,114.41		19,588,235.44	10,382,160.00	82,241,189.85	
Dazhi bamboo and wood products company	1,551,372.60				1,551,372.60	1,551,372.60
Huangshi Tianting Cloud computing Technology Co., LTD	905,050.49				905,050.49	905,050.49
Huangshi Zhongan motor vehicle testing Co., LTD	1,655,624.58		51,140.76		1,706,765.34	

Associate	As at December 31, 2020	Increase/decrease in this period			As at December 31, 2021	Provision for impairment as at December 31, 2021
		Additional investment	Profit or loss on investments recognized under the equity method	Cash dividends or profits declared and distributed		
Stone crystal Wei da Optoelectronic Technology Co., LTD	4,322,198.01		143,847.23		4,466,045.24	
Huangshi Shengxiang copper Co., LTD	101,268,958.40		1,835,469.86		103,104,428.26	
Hubei Changrui Construction Investment Co., LTD	81,261,245.85		20,808,016.86		102,069,262.71	
Huangshi City Huantou Lande renewable energy Co., LTD	6,509,100.21		-514,360.53		5,994,739.68	
Hubei Environmental Remediation and treatment Technology Research Co., LTD	2,491,731.30		-53,945.07		2,437,786.23	
Huangshi World City New Street Property Co., LTD	29,758,199.92				29,758,199.92	
Huaxin Environmental Engineering (Huangshi) Co., LTD	2,035,901.81		-215,313.71		1,820,588.10	
Huangshi City Chengfa hotel management Co., LTD	500,000.00	-500,000.00				
Hubei Zhengtong Smart City Technology Co., LTD	4,176,301.65		17,088.30		4,193,389.95	
Huangshi high-tech industry Investment Co., LTD	106,910,333.17		423,268.18		107,333,601.35	
Huangshi high-tech industry Investment Co., LTD	100,000,000.00	100,000,000.00			200,000,000.00	
Huangshi Medical maintenance medical inspection Co., LTD	14,752,870.68	2,040,000.00	8,174,506.76		24,967,377.44	
Sengyang Port Community Service Health Centre		1,960,000.00			1,960,000.00	
Medical care group accounts for Hubei Eastern medical care home for the elderly service Co., LTD	843,330.63	-880,000.00	36,669.37			
Hubei Hubei Tourism Investment Huangshi Investment development Co., LTD	58,796,827.55		15,402,573.87		74,199,401.42	
Haiguanshan Cultural communication Co., LTD	96,415.37				96,415.37	
Yangxin County construction engineering quality testing center Xingang sales Department	2,753,295.81		394,109.19		3,147,405.00	
Huangshi New Port Engineering construction Co., LTD		49,018,382.34	26,611.12		49,044,993.46	
Huangshi New Port Trading Co., LTD		11,200,000.00	-12,959.65		11,187,040.35	
Huangshi Star Source integrated energy Services Co., LTD		6,000,000.00	-2,791.61		5,997,208.39	
Hubei Zhongkun Technology Co., LTD	2,022,514.23	2,000,000.00	278,331.44		4,300,845.67	
Hubei Zerong International Trade Co., LTD	450,984.89		-450,984.89			
	596,097,371.56	170,838,382.34	65,929,512.92	10,382,160.00	822,483,106.82	2,456,423.09

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020- December 31, 2022

Associate	As at December 31, 2021	Increase/decrease in this period				As at December 31, 2022	Provision for impairment as at December 31, 2022
		Additional investment	Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Cash dividends or profits declared and distributed		
Hubei Changrui Construction Investment Co., LTD	102,069,262.71		11,701,747.52			113,771,010.23	
Huangshi Tianting Cloud computing Technology Co., LTD	905,050.49					905,050.49	905,050.49
Dazhi bamboo and wood products company	1,551,372.60					1,551,372.60	1,551,372.60
Stone crystal Wei da Optoelectronic Technology Co., LTD	4,466,045.24		587,186.75		142,030.00	4,911,201.99	
Huangshi Shengxiang copper Co., LTD	103,104,428.26		359,912.81			103,464,341.07	
Huangshi City Huantou Lande renewable energy Co., LTD	5,994,739.68		1,637.93			5,996,377.61	
Hubei Environmental Remediation and treatment Technology Research Co., LTD	2,437,786.23	-2,437,786.23					
Huaxin Environmental Engineering (Huangshi) Co., LTD	1,820,588.10		71,896.68			1,892,484.78	
Huangshi Zhongan motor vehicle testing Co., LTD	1,706,765.34		356,793.26			2,063,558.60	
Huangshi petrochina Kunlun City investment gas Co., LTD	82,241,189.85	283,647.17	32,266,463.22		6,894,120.00	107,897,180.24	
Huangshi World City New Street Property Co., LTD	29,758,199.92		-6,494,814.57			23,263,385.35	
Hubei Zhengtong Smart City Technology Co., LTD	4,193,389.95		-194,881.18			3,998,508.77	
Huangshi high-tech industry Investment Co., LTD	107,333,601.35		416,248.45		826,300.00	106,923,549.80	
Huangshi Huaxin green building materials Industry Co., LTD	200,000,000.00	200,000,000.00	-1,724,554.89			398,275,445.11	
Huangshi Medical maintenance medical inspection Co., LTD	24,967,377.44		2,480,282.34			27,447,659.78	
Sengyang Port Community Service Health Centre	1,960,000.00		510,646.36			2,470,646.36	
Hubei Hubei Tourism Investment Huangshi Investment development Co., LTD	74,199,401.42	-74,199,401.42					
Haiguanshan Cultural communication Co., LTD	96,415.37	-96,415.37					

Associate	As at December 31, 2021	Increase/decrease in this period				As at December 31, 2022	Provision for impairment as at December 31, 2022
		Additional investment	Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Cash dividends or profits declared and distributed		
Yangxin County construction engineering quality testing center Xingang sales Department	3,147,405.00		116,345.69			3,263,750.69	
Huangshi New Port Engineering construction Co., LTD	49,044,993.46		15,540.15			49,060,533.61	
Huangshi New Port Trading Co., LTD	11,187,040.35		-10,178.93			11,176,861.42	
Huangshi Star Source integrated energy Services Co., LTD	5,997,208.39		49,363.00			6,046,571.39	
Huaxin Port City building Materials (Huangshi) Co., LTD		98,000,000.00	24,092,944.14			122,092,944.14	
Hubei Zhongkun Technology Co., LTD	4,300,845.67		2,277,041.83			6,577,887.50	
Huangshi City cultural tourism Investment Group Co., LTD		149,381,501.43	-12,531,175.10	7,985,805.43		144,836,131.76	
<b>Total</b>	<b>822,483,106.82</b>	<b>370,931,545.58</b>	<b>54,348,445.46</b>	<b>7,985,805.43</b>	<b>7,862,450.00</b>	<b>1,247,886,453.29</b>	<b>2,456,423.09</b>

### 5.13 Other equity instrument investments

Item	As at 31/12/2022	As at 31/12/2021
Equity investment	792,720,591.69	709,241,335.80
合计	792,720,591.69	709,241,335.80

Item	Balance as at 31/12/2021	Balance as at 1/1/2021	Dividends income in year 2021	Accumulated gains	Accumulated losses	The amount carried forward from OCI to retained earnings	Reason for designated as at fair value through OCI	Reason for carrying forward from OCI to retained earnings
Municipal Sports Commission training hall renovation	1,000,000.00	1,000,000.00						
Expansion of Wharves 2 and 3 of Huangshi Port Authority	2,883,370.00	2,883,370.00						
Hainan Property Co., LTD	690,000.00	690,000.00						
Trust guarantee Fund of China Construction Investment Trust Company	2,000,000.00	2,998,000.00						
China Golden Valley International Trust Co. LTD	1,200,000.00	2,932,000.00						
Trust Protection Fund (National Trust)	3,000,000.00	3,000,000.00						
Trust Guarantee Fund (CITIC Trust)	3,000,000.00							
Trust Guarantee Fund (Golden Valley Trust)	4,000,000.00							
Trust Security Fund (China Communications Trust)	251,000.00							
Yellowstone Bank took a stake	9,360,820.00	9,360,820.00						
Hubei Jiupai Venture Capital Co. LTD	6,147,730.80	6,147,730.80						



Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020- December 31, 2022

Item	Balance as at 31/12/2021	Balance as at 1/1/2021	Dividends income in year 2021	Accumulated gains	Accumulated losses	The amount carried forward from OCI to retained earnings	Reason for designated as at fair value through OCI	Reason for carrying forward from OCI to retained earnings
MCC Huangshi Infrastructure Construction Co. LTD	1,432,000.00	1,432,000.00						
Hubei Financial Holding Financial Leasing Co. LTD	30,000,000.00	30,000,000.00						
Huangshi Industrial Investment Fund Center (Limited partnership)	90,000,000.00	90,000,000.00						
Huangshi MCC CCB Industry Fund Center (Limited partnership)	43,000,000.00	43,000,000.00						
Huangshi Aerospace Xiangyu Environmental Protection Co. LTD	4,600,000.00	4,600,000.00						
Huangshi Jingkai Construction Development Co. LTD	7,700,000.00	4,400,000.00						
Hubei Xinyi Electronic Partnership (limited partnership)	15,000,000.00	15,000,000.00						
Ping An Trust and Security Fund	4,999,000.00	1,997,250.00						
China Communications Trust Fund		1,606,000.00						
CCB Trust Co. LTD	8,300,000.00	8,300,000.00						
Bairui Trust Co., LTD		2,760,800.00						
Cofco Trust Co. LTD	4,000,000.00	4,000,000.00						
Hunan Caixin Trust Co. LTD	1,900,000.00	1,900,000.00						
Anhui Guoyuan Trust Co. LTD	1,499,700.00	1,499,700.00						
Huangshi Jinfu New Energy Development Co. LTD	7,500,000.00	7,500,000.00						
Huadian Xisaishan Company	18,950,000.00	18,950,000.00	3,509,121.51					
Huangshi Small and Medium Enterprise Guarantee Co	100,311,784.00	100,311,784.00						
Hubei Energy Group East Hubei Natural Gas Company	9,600,000.00	9,600,000.00						
Hubei Edong Yangtze River Highway Bridge Company	36,011,982.00	36,011,982.00						
Huangshi Rural Commercial Bank Co. LTD	11,903,949.00	11,903,949.00	634,560.00					
Huangshi Jinggang New Energy Co. LTD	30,000,000.00	30,000,000.00						
Huangshi Xingang Modern Logistics Park Co. LTD	30,000,000.00	20,200,000.00						
Huangshi Xingang Non-ferrous Chemical Terminal Co. LTD	12,000,000.00	10,000,000.00						
Yangxin Hongsheng Copper Industry Co. LTD	100,000,000.00	80,000,000.00						
Baosteel Huangshi Coating Plate Co. LTD	72,000,000.00	72,000,000.00						
Yangxin County SME Financing Guarantee Co. LTD	30,000,000.00	30,000,000.00						
Hubei Zhongyi New Port Construction Management Co. LTD	5,000,000.00	5,000,000.00						
Total	709,241,335.80	670,985,385.80	4,143,681.51					

Item	Balance as at 31/12/2022	Balance as at 1/1/2022	Dividends income in year 2021	Accumulated gains	Accumulated losses	The amount carried forward from OCI to retained earnings	Reason for designated as at fair value through OCI	Reason for carrying forward from OCI to retained earnings
China Construction Investment Trust Company trust guarantee fund		2,000,000.00	56,000.01					
China Golden Valley International Trust Co., LTD		1,200,000.00	39,154.04					
Trust Protection Fund (National Trust)		3,000,000.00						
Trust Protection Fund (CITIC Trust)	3,000,000.00	3,000,000.00						
Trust Protection Fund (Golden Valley Trust)	4,000,000.00	4,000,000.00						
Trust Protection fund	251,000.00	251,000.00						
Shanghai Tongfang Private Equity Fund Management Co., LTD	132,101,440.00							
Yellowstone Bank, Inc	9,360,820.00	9,360,820.00	1,675,761.39					
Hubei Jiupai Venture Capital Co., LTD	1,445,291.80	6,147,730.80						
Huangshi MCC Infrastructure Construction Co., LTD	1,432,000.00	1,432,000.00						
Hubei Financial Holding Financial Leasing Co., LTD	30,000,000.00	30,000,000.00	831,247.64					
Huangshi Economic Investment Fund Center (Limited Partnership)	52,781,954.89	90,000,000.00						
Huangshi MCC CCB Industrial Fund Center (Limited Partnership)	43,000,000.00	43,000,000.00						
Huangshi Aerospace Xiangyu Environmental Protection Co., LTD	4,600,000.00	4,600,000.00						
Huangshi City construction development Co., LTD	7,700,000.00	7,700,000.00						
Hubei Xinyi Electronic Partnership (Limited partnership)	22,500,000.00	15,000,000.00	1,050,000.00					
Ping An Trust Guarantee Fund	4,997,000.00	4,999,000.00						
CCB Trust Limited liability Company		8,300,000.00						
Cofco Trust Limited liability Company		4,000,000.00	121,636.17					
Hunan Province Caixin trust limited liability company		1,900,000.00	57,806.81					
Anhui Guoyuan Trust limited liability company	1,500,000.00	1,499,700.00	48,464.88					
Huangshi Jinfu new energy development Co., LTD	7,500,000.00	7,500,000.00						
Hainan property stock Company	690,000.00	690,000.00	20,000.00					

Item	Balance as at 31/12/2022	Balance as at 1/1/2022	Dividends income in year 2021	Accumulated gains	Accumulated losses	The amount carried forward from OCI to retained earnings	Reason for designated as at fair value through OCI	Reason for carrying forward from OCI to retained earnings
City sports commission training hall renovation	1,000,000.00	1,000,000.00						
Yellowstone Port Authority Pier 2 and 3 expansion	2,883,370.00	2,883,370.00						
East of the Yangtze River highway bridge Co., LTD	36,011,982.00	36,011,982.00	2,122,171.94					
Huangshi City small and medium-sized enterprise credit guarantee company	100,311,784.00	100,311,784.00						
Hubei Energy Group Eastern Natural Gas Co., LTD	9,600,000.00	9,600,000.00						
Hubei Huadian Xisaishan power generation Co., LTD	18,950,000.00	18,950,000.00						
Huangshi Rural Commercial Bank Co., LTD	11,903,949.00	11,903,949.00	634,560.00					
Huangshi Jinggang New energy Co., LTD	30,000,000.00	30,000,000.00						
Baosteel shares Huangshi plating plate Co., LTD	72,000,000.00	72,000,000.00	5,445,641.11					
Yangxin County small and medium-sized enterprise financing guarantee Co., LTD	30,000,000.00	30,000,000.00						
Huangshi Xingang Nonferrous Chemical Terminal Co., LTD	12,000,000.00	12,000,000.00						
Huangshi Xingang modern Logistics Park Co., LTD	30,000,000.00	30,000,000.00						
Hubei One new port construction management Co., LTD	11,200,000.00	5,000,000.00						
Yangxin Hongsheng copper Co., LTD	100,000,000.00	100,000,000.00						
Total	792,720,591.69	709,241,335.80	12,102,443.99					

#### 5.14 Other non-current financial assets

Category	As at December 31, 2022	As at December 31, 2021
Investment in debt	120,000,000.00	120,000,000.00
Total	120,000,000.00	120,000,000.00

#### 5.15 Investment properties

##### 1. Investment property measured at fair value

Item	Buildings and constructions	Total
I. January 1, 2020	762,074,700.00	762,074,700.00

II. Changes in this period	26,538,057.00	26,538,057.00
Plus: other increase	26,271,710.00	26,271,710.00
Plus: change in fair value	266,347.00	266,347.00
III. December 31, 2020	788,612,757.00	788,612,757.00

Item	Buildings and constructions	Total
I. January 1, 2021	788,612,757.00	788,612,757.00
II. Changes in this period	542,108,597.00	542,108,597.00
Plus: other increase	543,410,366.00	543,410,366.00
Plus: change in fair value	-1,301,769.00	-1,301,769.00
III. December 31, 2021	1,330,721,354.00	1,330,721,354.00

Note 1: In 2021, the Management Committee of Huangshi Economic and Technological Development Zone allocated 543,410,366.00 yuan to its subsidiary Huangshi Yimin Investment Co., LTD. 's underground parking garage of Huanjian Community;

Note 2: The investment real estate that has not obtained the certificate of ownership at the end of the period is Baihua and other areas owned by Huangshi Yimin Investment Co., LTD. There are still some shops and underground parking garage under construction, with a book value of RMB 1,304,449,644.00. The warrant is being handled.

Item	Buildings and constructions	Total
I. January 1, 2022	1,330,721,354.00	1,330,721,354.00
II. Changes in this period	47,160,473.80	47,160,473.80
Plus: the government pays in without compensation	237,509,362.00	237,509,362.00
Less: transferred intangible assets	190,348,888.20	190,348,888.20
III. December 31, 2022	1,377,881,827.80	1,377,881,827.80

Note 1: In 2022, the subsidiary Huangshi Yimin Investment Co., Ltd. received free allocation from the Management Committee of Huangshi Economic and Technological Development Zone to also build underground parking garage and Jinshan low-rent housing, with the assessed value of RMB56,646,502.00 and RMB180,862,860.00 respectively;

Note 2: Baihua and other areas have also built some shops, underground parking garages and Jinshan low-rent housing and other ownership certificates are still being processed, with a book value of RMB1,351,610,117.80.

#### 5.16 Fixed assets

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Fixed assets	13,393,253,596.26	11,999,068,262.84	11,399,772,723.87
Liquidation of fixed assets			
Less: Allowance for impairment			
Total	13,393,253,596.26	11,999,068,262.84	11,399,772,723.87

5.16.1. Fixed assets

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Total
I. Total original book value					
1. January 1, 2020	10,730,138,598.51	871,560,520.43	360,587,046.78	169,410,066.61	12,131,696,232.33
2. Increase in this period	572,735,879.56	75,803,888.60	9,073,543.27	154,888,460.69	812,501,772.12
(1) Purchase	32,928,690.20	61,921,493.16	9,073,543.27	154,673,539.91	258,597,266.54
(2) Transfer from construction in progress	539,807,189.36	13,882,395.44		214,920.78	553,904,505.58
3. Decrease in this period	2,568,239.68	48,844,329.67	4,247,028.21	5,653,315.92	61,312,913.48
(1) Disposal or scrapping	2,568,239.68	48,844,329.67	4,247,028.21	5,653,315.92	61,312,913.48
4. December 31, 2020	11,300,306,238.39	898,520,079.36	365,413,561.84	318,645,211.38	12,882,885,090.97
II. Accumulated depreciation					
1. January 1, 2020	478,252,812.06	461,637,267.76	221,998,359.95	61,757,386.67	1,223,645,826.44
2. Increase in this period	182,806,231.90	78,184,427.61	39,726,326.88	13,403,362.86	314,120,349.25
(1) Provision	182,806,231.90	78,184,427.61	39,726,326.88	13,403,362.86	314,120,349.25
3. Decrease in this period	266,248.68	460,937,99.22	281,448.43	308,303.26	54,653,808.59
(1) Disposal or scrapping	266,248.68	460,937,99.22	281,448.43	308,303.26	54,653,808.59
4. December 31, 2020	658,396,561.28	493,727,896.15	258,910,198.40	72,077,711.27	1,483,112,367.10
III. Provision for impairment					
1. January 1, 2020					
2. Increase in this period					
3. Decrease in this period					
4. December 31, 2020					
IV. Book value					
1. Book value as at the end of the period	10,641,909,677.11	404,792,183.21	106,503,363.44	246,567,500.11	11,399,772,723.87
2. Book value as at the beginning of the period	10,251,885,786.45	409,923,252.67	138,588,686.83	107,652,679.94	10,908,050,405.89

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Total
I. Total original book value					
1. January 1, 2021	11,300,306,238.39	898,520,079.36	365,413,561.84	318,645,211.38	12,882,885,090.97
2. Increase in this period	562,790,756.20	438,916,138.34	42,061,921.15	17,741,440.85	1,061,510,256.54
(1) Purchase	321,808,035.69	37,361,420.87	4,647,747.95	17,378,931.14	381,196,135.65
(2) Transfer from construction in progress	240,982,720.51	401,554,717.47	37,414,173.20	362,509.71	680,314,120.89
3. Decrease in this period		8,820,208.87	21,783,794.29	150,806,009.71	181,410,012.87
(1) Disposal or scrapping		8,820,208.87	21,783,794.29	150,806,009.71	181,410,012.87
4. December 31, 2021	11,863,096,994.59	1,328,616,008.83	385,691,688.70	185,580,642.52	13,762,985,334.64
II. Accumulated depreciation					

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Total
1. January 1, 2021	658,396,561.28	493,727,896.15	258,910,198.40	72,077,711.27	1,483,112,367.10
2. Increase in this period	183,431,075.61	78,806,459.12	39,461,243.90	17,735,455.59	319,434,234.22
(1) Provision	183,431,075.61	78,806,459.12	39,461,243.90	17,735,455.59	319,434,234.22
3. Decrease in this period		7,863,641.57	20,748,410.82	10,017,477.13	38,629,529.52
(1) Disposal or scrapping		7,863,641.57	20,748,410.82	10,017,477.13	38,629,529.52
4. December 31, 2021	841,827,636.89	564,670,713.70	277,623,031.48	79,795,689.73	1,763,917,071.80
III. Provision for impairment					
1. January 1, 2021					
2. Increase in this period					
3. Decrease in this period					
4. December 31, 2021					
IV. Book value					
1. Book value as at the end of the period	11,021,269,357.70	763,945,295.13	108,068,657.22	105,784,952.79	11,999,068,262.84
2. Book value as at the beginning of the period	10,641,909,677.11	404,792,183.21	106,503,363.44	246,567,500.11	11,399,772,723.87

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Total
I. Total original book value					
1. January 1, 2022	11,863,096,994.59	1,328,616,008.83	385,691,688.70	185,580,642.52	13,762,985,334.64
2. Increase in this period	2,188,186,244.35	95,651,642.48	6,392,797.61	13,109,118.67	2,303,339,803.11
(1) Purchase	111,542,156.79	60,600,932.32	6,392,797.61	12,887,424.27	191,423,310.99
(2) Transfer from construction in progress	2,076,644,087.56	35,050,710.16		221,694.40	2,111,916,492.12
3. Decrease in this period	649,796,439.39	28,936,730.76	16,825,366.55	27,735,825.68	723,294,362.38
(1) Disposal or scrapping	4,271,150.84	10,154,163.14	16,056,905.32	8,183,143.96	38,665,363.26
(2) Business combination	645,525,288.55	18,782,567.62	768,461.23	19,552,681.72	684,628,999.12
4. December 31, 2022	13,401,486,799.55	1,395,330,920.55	375,259,119.76	170,953,935.51	15,343,030,775.37
II. Accumulated depreciation					
1. January 1, 2022	841,827,636.89	564,670,713.70	277,623,031.48	79,795,689.73	1,763,917,071.80
2. Increase in this period	189,806,358.44	49,916,830.62	37,855,989.58	14,601,912.68	292,181,091.32
(1) Provision	189,806,358.44	49,916,830.62	37,855,989.58	14,601,912.68	292,181,091.32
3. Decrease in this period	47,782,671.90	24,114,761.37	15,713,193.64	18,710,357.10	106,320,984.01
(1) Disposal or scrapping	5,672,604.40	9,032,235.31	15,057,127.12	4,873,851.91	34,635,818.74
(2) Business combination	42,110,067.50	15,082,526.06	656,066.52	13,836,505.19	71,685,165.27
4. December 31, 2022	983,851,323.43	590,472,782.95	299,765,827.42	75,687,245.31	1,949,777,179.11
III. Provision for impairment					
1. January 1, 2022					

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Total
2. Increase in this period					
3. Decrease in this period					
4. December 31, 2022					
IV. Book value					
1. Book value as at the end of the period	12,417,635,476.12	804,858,137.60	75,493,292.34	95,266,690.20	13,393,253,596.26
2. Book value as at the beginning of the period	11,021,269,357.70	763,945,295.13	108,068,657.22	105,784,952.79	11,999,068,262.84

#### 5.17 Construction in progress

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Project materials			12,263.75
Construction in progress	31,255,412,024.44	27,579,221,265.30	22,412,958,595.51
Less: Allowance for impairment			
Total	31,255,412,024.44	27,579,221,265.30	22,412,970,859.26

#### 5.17.1 Changes in significant construction in progress

Item	December 31, 2020	Increase in this year	Transfer into fixed assets	Other decreases	December 31, 2021
Resettlement housing project	1,557,394,244.85	174,738,940.68		96,291,352.54	1,635,841,832.99
Urban road reconstruction and expansion project	4,803,944,687.73	346,768,680.17	3,932,160.84		5,146,781,207.06
Urban pipe network renovation project	524,819,483.10	231,245,509.38	37,810,592.27		718,254,400.21
Pioneer park and park landscape engineering	237,390,050.98	3,274,541.61		193,392,611.89	47,271,980.70
Big chess road project	1,013,800,261.82	98,130,077.94		686,799,074.43	425,131,265.33
Road construction project	5,928,678,887.23	1,084,731,199.63	37,228,749.12		6,976,181,337.74
Electric vehicle charging station project	104,553,404.83	123,017,163.15	7,058,722.97		220,511,845.01
Donggang land project	87,645.60		87,645.60		0.00
Multimodal transport Newport comprehensive station	197,169,671.94	15,312,096.58			212,481,768.52
Ecological management of Hai kou Lake	11,763,054.86	845,116.29			12,608,171.15
Circum-magnetic lake comprehensive management project	594,804,728.89	9,067,027.34			603,871,756.23
Huangjinshan Science and Technology Park project	183,170,397.49	7,118,082.43	129,963,570.03		60,324,909.89

Item	December 31, 2020	Increase in this year	Transfer into fixed assets	Other decreases	December 31, 2021
Yellowstone passenger train line project	607,496,442.04	465,179,712.76			1,072,676,154.80
The second phase of the Huangshi River Port Thinning Railway project	100,922,075.47	169,686,778.57			270,608,854.04
Jinhai Dawubiansiliceous limestone mine project		1,320,000.00			1,320,000.00
Jinshan and Wangren area demolition and formation works	1,468,474,907.18	44,460,047.36			1,512,934,954.54
Road engineering in development zone	96,765,237.31	17,280,765.24			114,046,002.55
Development zone road construction project	1,460,152,609.75	1,537,060,317.48			2,997,212,927.23
Mine Expo Garden project	136,049.64				136,049.64
Grain logistics park project	286,543,094.51			279,859,018.07	6,684,076.44
Other works	155,959,320.43	37,966,602.95	1,866,813.35	50,681,515.53	141,377,594.50
Shannan railway project construction	462,868,973.91	1,045,975,533.18			1,508,844,507.09
Shannan railway adaptability renovation project	32,516,868.57	53,278,883.99			85,795,752.56
Shannan sewage treatment plant project	203,692,706.17	145,343,604.07	212,494,036.22		136,542,274.02
Parking lot renovation project	211,316,513.05	11,671,593.83	57,649,100.58		165,339,006.30
Sewage treatment project	1,095,064,865.26	424,884,434.21	189,192,513.24		1,330,756,786.23
Xisai New Port Logistics Park and land	161,436,161.94	2,038,972.00			163,475,133.94
New port freight feeder	408,395,014.75	23,041,131.84			431,436,146.59
Medical laboratory	146,110,906.00	47,600.00			146,158,506.00
The street car project	304,637,875.79	1,015,287,627.22			1,319,925,503.01
Occupational disease complex	52,892,454.42	64,828,323.24	3,030,216.67		114,690,560.99
Total	22,412,958,595.51	7,153,600,363.14	680,314,120.89	1,307,023,572.46	27,579,221,265.30

Note: The other decrease is mainly due to the conversion of resettlement housing projects, pioneer park and park landscape projects, grain logistics park projects and other projects into inventory in 2021 according to the project acceptance report, and the reduction of construction in progress is RMB620,224,498.03; In 2021, the revenue cost of agent construction projects was recognized, and the construction in progress was reduced by RMB686,799,074.43.



Item	December 31, 2021	Increase in this year	Transfer into fixed assets	Other decreases	December 31, 2022
Resettlement housing project	1,635,841,832.99	736,349,530.22		173,828,896.06	2,198,362,467.15
Urban road reconstruction and expansion project	5,146,781,207.06	481,874,354.61	822,262,939.15		4,806,392,622.52
Urban pipe network renovation project	718,254,400.21	70,425,079.44	1,572,342.35		787,107,137.30
Pioneer park and park landscape engineering	47,271,980.70	38,568,317.89			85,840,298.59
Big chess road project	425,131,265.33	27,621,403.43		220,000,000.00	232,752,668.76
Road construction project	6,976,181,337.74	540,592,856.36	833,673,397.87		6,683,100,796.23
Electric vehicle charging station project	220,511,845.01				220,511,845.01
Multimodal transport New port comprehensive station	212,481,768.52	31,292,554.77			243,774,323.29
Ecological management of Haikou Lake	12,608,171.15	4,247,058.49			16,855,229.64
Circum magnetic lake comprehensive management project	603,871,756.23	322,413,773.44			926,285,529.67
Huangjinshan Science and Technology Park project	60,324,909.89				60,324,909.89
Yellowstone passenger train line project	1,072,676,154.80	377,400,500.00			1,450,076,654.80
The second phase of the Huangshi River Port Thinning Railway project	270,608,854.04	216,280,449.04			486,889,303.08
Jinhai Dawubiansiliceous limestone project	1,320,000.00				1,320,000.00
Jinshan and Wangren area demolition and formation works	1,512,934,954.54	23,374,600.44			1,536,309,554.98
Road engineering in development zone	114,046,002.55	29,373,485.30		96,596,118.00	46,823,369.85
Development zone road construction project	2,997,212,927.23	447,466,861.09			3,444,679,788.32
Mine Expo Garden project	136,049.64				136,049.64
Grain logistics park project	6,684,076.44	7,441,443.57			14,125,520.01
Other works	141,377,594.50	213,260,965.62	143,757,216.57		210,881,343.55
Shannan railway project construction	1,508,844,507.09	549,802,955.01			2,058,647,462.10

Item	December 31, 2021	Increase in this year	Transfer into fixed assets	Other decreases	December 31, 2022
Shannan railway adaptability renovation project	85,795,752.56	7,733,858.03			93,529,610.59
Shannan sewage treatment plant project	136,542,274.02	36,206,449.83	7,311,211.57		165,437,512.28
Parking lot renovation project	165,339,006.30				165,339,006.30
Sewage treatment project	1,330,756,786.23	634,645,651.94	4,419,962.95		1,960,982,475.22
Xisai New Port Logistics Park and land	163,475,133.94			58,820,595.00	104,654,538.94
New port freight feeder	431,436,146.59	4,715,116.95			436,151,263.54
Medical laboratory	146,158,506.00				146,158,506.00
The street car project	1,319,925,503.01	1,352,036,734.18			2,671,962,237.19
Occupational disease complex	114,690,560.99	184,228,860.67	298,919,421.66		
Total	27,579,221,265.30	6,337,352,860.32	2,111,916,492.12	549,245,609.06	31,255,412,024.44

Note: Other reductions in resettlement housing projects and Daqilu projects are mainly attributable to the revenue and cost of confirmed edage nt construction projects in 2022, with a reduction of 393,828,896.06 yuan for projects under construction; The reduction of road projects and Xisai Xingang Logistics Park and other land in the development zone is mainly transferred to intangible assets in 2022, and the reduction of projects under construction is 155,416,713.00 yuan.

#### 5.18 Right-of-use assets

Item	Buildings	Total
I. Cost		
1. Balance as at 1/1/2021	3,836,787.28	3,836,787.28
2. Additions	57,260,998.87	57,260,998.87
(1) New leases	57,260,998.87	57,260,998.87
3. Reductions		
4. Balance as at 31/12/2021	61,097,786.15	61,097,786.15
II. Accumulated depreciation		
1. Balance as at 1/1/2021		
2. Additions	4,003,668.05	4,003,668.05
(1) Provision	4,003,668.05	4,003,668.05
3. Reductions		
4. Balance as at 31/12/2021	4,003,668.05	4,003,668.05
III. Provision for impairment		
1. Balance as at 1/1/2021		
2. Additions		
3. Reductions		
4. Balance as at 31/12/2021		

Item	Buildings	Total
IV.Carryingamount		
1.Asat31/12/2021	57,094,118.10	57,094,118.10
2.Asat1/1/2021	3,836,787.28	3,836,787.28
Item	Buildings	Total
I.Cost		
1.Balanceasat1/1/2022	61,097,786.15	61,097,786.15
2.Additions	2,524,362.38	2,524,362.38
(1) Newleases	2,524,362.38	2,524,362.38
3.Reductions	56,405,636.99	56,405,636.99
(1) Businesscombination	56,405,636.99	56,405,636.99
4.Balanceasat31/12/2022	7,216,511.54	7,216,511.54
II.Accumulateddepreciation		
1.Balanceasat1/1/2022	4,003,668.05	4,003,668.05
2.Additions	1,576,967.71	1,576,967.71
(1) Provision	1,576,967.71	1,576,967.71
3.Reductions	3,363,465.45	3,363,465.45
(1) Businesscombination	3,363,465.45	3,363,465.45
4.Balanceasat31/12/2022	2,217,170.31	2,217,170.31
III.Provisionforimpairment		
1.Balanceasat1/1/2022		
2.Additions		
3.Reductions		
4.Balanceasat31/12/2022		
IV.Carryingamount		
1.Asat31/12/2022	4,999,341.23	4,999,341.23
2.Asat1/1/2022	57,094,118.10	57,094,118.10

#### 5.19 Intangible assets

Item	Landuserights	Managementright tofbuslines	Sewagetreatment plant Franchise	Computersoftware	Total
I.Totaloriginalbookvalue					
1.January1,2020	5,060,230,969.62	10,750,000.00	39,430,180.00	2,876,857.92	5,113,288,007.54
2.Increaseinthisperiod	965,548,445.46	-	1,519,358,400.00	864,969.33	2,485,771,814.79
(1)Purchase			1,519,358,400.00	864,969.33	1,520,223,369.33
3.Decreaseinthisperiod				184,466.02	184,466.02
(1)Disposal				184,466.02	184,466.02
4.December31,2020	6,025,779,415.08	10,750,000.00	1,558,788,580.00	3,557,361.23	7,598,875,356.31

Item	Landuserights	Managementright ofbuslines	Sewagetreatmentplant Franchise	Computersoftware	Total
II.Accumulatedaccumulation					
1.January1,2020	28,207,655.19	10,750,000.00	13,575,320.39	2,281,526.57	54,814,502.15
2.Increaseinthisperiod	13,155,429.56		1,515,384.60	285,854.94	14,956,669.10
(1)Provision	13,155,429.56		1,515,384.60	285,854.94	14,956,669.10
3.Decreaseinthisperiod				98,381.98	98,381.98
(1)Disposal				98,381.98	98,381.98
4.December31,2020	41,363,084.75	10,750,000.00	15,090,704.99	2,468,999.53	69,672,789.27
III.Provisionforimpairment					
1.January1,2020					
2.Increaseinthisperiod					
3.Decreaseinthisperiod					
4.December31,2020					
IV.Bookvalue					
1.Bookvalueasattheendoftheperiod	5,984,416,330.33		1,543,697,875.01	1,088,361.70	7,529,202,567.04
2.Bookvalueasatthebeginningoftheperiod	5,032,023,314.43		25,854,859.61	595,331.35	5,058,473,505.39

Item	Landuserights	Managementright ofbuslines	Sewagetreatmentplant Franchise	Computersoftware	Total
I.Totaloriginalbookvalue					
1.January1,2021	6,025,779,415.08	10,750,000.00	1,558,788,580.00	3,557,361.23	7,598,875,356.31
2.Increaseinthisperiod	83,067,974.78		5,468,055,292.08	1,949,733.96	5,553,073,000.82
(1)Purchase	83,067,974.78		5,468,055,292.08	1,949,733.96	5,553,073,000.82
3.Decreaseinthisperiod	827,636,389.42		1,519,358,400.00	4,365.38	2,346,999,154.80
(1)Disposal			1,519,358,400.00	4,365.38	1,519,362,765.38
(2)Internaltransfertransferout	827,636,389.42				827,636,389.42
4.December31,2021	5,281,211,000.44	10,750,000.00	5,507,485,472.08	5,502,729.81	10,804,949,202.33
II.Accumulatedaccumulation					
1.January1,2021	41,363,084.75	10,750,000.00	15,090,704.99	2,468,999.53	69,672,789.27
2.Increaseinthisperiod	19,738,010.47		1,517,805.60	845,540.00	22,101,356.07
(1)Provision	19,738,010.47		1,517,805.60	845,540.00	22,101,356.07
3.Decreaseinthisperiod	518,318.73				518,318.73
(1)Disposal	20,733.32				20,733.32
(2)Internaltransfertransferout	497,585.41				497,585.41
4.December31,2021	60,582,776.49	10,750,000.00	16,608,510.59	3,314,539.53	91,255,826.61
III.Provisionforimpairment					

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020- December 31, 2022

Item	Landuserights	Managementright ofbusiness	Sewagetreatmentplant Franchise	Computersoftware	Total
1.January1,2021					
2.Increaseinthisperiod					
3.Decreaseinthisperiod					
4.December31,2021					
IV.Bookvalue					
1.Bookvalueasattheend ofthepreviousperiod	5,220,628,223.95		5,490,876,961.49	2,188,190.28	10,713,693,375.72
2.Bookvalueasatthebeginningofthepreviousperiod	5,984,416,330.33		1,543,697,875.01	1,088,361.70	7,529,202,567.04

Item	Landuserights	Managementrightofbusiness	Sewagetreatmentplant Franchise	Computersoftware	Total
I.Totaloriginalbookvalue					
1.January1,2022	5,281,211,000.44	10,750,000.00	5,507,485,472.08	5,502,729.81	10,804,949,202.33
2.Increaseinthisperiod	295,398,027.57		2,827,842,722.20	4,255,443.60	3,127,496,193.37
(1)Purchase	139,981,314.57			4,255,443.60	144,236,758.17
(2)Transferofconstructioninprogress	155,416,713.00				155,416,713.00
(3)Transferwithoutcharge			601,167,534.00		601,167,534.00
(4)Reclassificationadjustment			2,226,675,188.20		2,226,675,188.20
3.Decreaseinthisperiod	214,068,831.23			40,425.57	214,109,256.80
(1)Disposal	18,775,000.00			40,425.57	18,815,425.57
(2)Internaltransferandtransferout	195,293,831.23				195,293,831.23
4.December31,2022	5,362,540,196.78	10,750,000.00	8,335,328,194.28	9,717,747.84	13,718,336,138.90
II.Accumulatedaccumulation					
1.January1,2022	60,582,776.49	10,750,000.00	16,608,510.59	3,314,539.53	91,255,826.61
2.Increaseinthisperiod	10,699,592.28		2,719,269.83	1,630,144.38	15,049,006.49
(1)Provision	10,699,592.28		2,719,269.83	1,630,144.38	15,049,006.49
3.Decreaseinthisperiod	7,503,801.72			4,168.24	7,507,969.96
(1)Disposal	305,754.55			4,168.24	309,922.79
(2)Internaltransferandtransferout	7,198,047.17				7,198,047.17
4.December31,2022	63,778,567.05	10,750,000.00	19,327,780.42	4,940,515.67	98,796,863.14
III.Provisionforimpairment					
1.January1,2022					
2.Increaseinthisperiod					
3.Decreaseinthisperiod					
4.December31,2022					
IV.Bookvalue					

Item	Landuserights	Managementrightofbuslines	Sewagetreatmentplant Franchise	Computersoftware	Total
1.Bookvalueasattheendoftheperiod	5,298,761,629.73		8,316,000,413.86	4,777,232.17	13,619,539,275.76
2.Bookvalueasatthebeginningoftheperiod	5,220,628,223.95		5,490,876,961.49	2,188,190.28	10,713,693,375.72

## 5.20 Deferredtaxliabilities

Deferredtaxassetsanddeferredtaxliabilitiespresentedbynetamountafteroffset

Item	AsatDecember31,2022		AsatDecember31,2021		AsatDecember31,2020	
	Deferredincometax Liabilities	Taxabletemporarydifferences	Deferredincometax Liabilities	Taxabletemporarydifferences	Deferredtaxliabilities	Taxabletemporarydifferences
Deferredtaxassets:						
Provisionforassetimpairment	38,531,522.80	154,126,091.06	20,391,935.72	81,567,742.80		
Total	38,531,522.80	154,126,091.06	20,391,935.72	81,567,742.80		
Deferredtaxliabilities:						
Differencebetweenthefairvalueandtheacquisitioncostofinvestmentproperties	154,739,194.75	618,956,779.00	154,739,194.75	618,956,779.00	155,064,637.00	620,258,548.00
Total	154,739,194.75	618,956,779.00	154,739,194.75	618,956,779.00	155,064,637.00	620,258,548.00

## 5.21 Long-termdeferredexpenses

Category	AsatJanuary1,2020	Increaseinthisperiod	Amortizationinthisperiod	Otherdecreases	AsatDecember31,2020
Renovationandrenovationsworks	9,902,761.54	18,224,685.51	9,842,973.02		18,284,474.03
Busadvertisingright	3,399,056.63	1,121,723.16	3,299,999.96		1,220,779.83
Temporaryparkingcharges	740,571.47		740,571.47		
Yiyangnursinghomeproject	2,513,513.45	5,255,065.13	2,410,388.12		5,358,190.46
Reliablepowersupplycost	117,333.45	491,877.48	299,959.60		309,251.33
Flowergreenhouse	149,913.94		36,713.52		113,200.42
Shenjiayingworkshoprenovation	564,710.81		8,600.04		556,110.77
HungTaiBus	3,459,116.80		343,056.00		3,116,060.80
Other	1,178,066.39		865,915.68		312,150.71
Total	22,025,044.48	25,093,351.28	17,848,177.41		29,270,218.35

Category	AsatJanuary1,2021	Increaseinthisperiod	Amortizationinthisperiod	Otherdecreases	AsatDecember31,2021
Reliablepowersupplycost	309,251.33		149,551.80	12,000.00	147,699.53
Flowergreenhouse	113,200.42		36,713.52		76,486.90
Shenjiaingworkshoprenovation	556,110.77		324,851.72		231,259.05
Renovationproject	18,284,474.03	10,656,053.59	6,352,022.38	3,626,908.17	18,961,597.07
Corridorproject		357,928.15	103,083.30		254,844.85
Jinshanstorepassengerli neacquisition		1,158,754.00	106,664.00		1,052,090.00
Other	312,150.71	139,689.50	186,723.30		265,116.91
Busadvertisingright	1,220,779.83		1,220,779.83		
Yiyangnursinghomeproject	5,358,190.46	122,462.44	920,075.64	14,708.70	4,545,868.56
HungTaiBus	3,116,060.80		343,056.00		2,773,004.80
Total	29,270,218.35	12,434,887.68	9,743,521.49	3,653,616.87	28,307,967.67

Category	AsatJanuary1,2022	Increaseinthisperiod	Amortizationinthisperiod	Otherdecreases	AsatDecember31,2022
HungTaiBus	2,773,004.80			2,773,004.80	
Flowergreenhouse	76,486.90		32,669.04		43,817.86
Jinshanstorepassengerli neacquisition	1,052,090.00	418,606.00	368,657.76		1,102,038.24
Reliablepowersupplycost	147,699.53	8,596.64	82,735.44		73,560.73
Corridorproject	254,844.85	488,009.13	159,946.84		582,907.14
Other	265,116.91	7,029,337.50	153,576.96	102,334.59	7,038,542.86
Shenjiaingworkshoprenovation	231,259.05		43,439.24	83,693.17	104,126.64
Yiyangnursinghomeproject	4,545,868.56		700,624.81	987,413.75	2,857,830.00
Renovationproject	18,961,597.07	26,726,016.90	5,274,092.34	7,599,678.98	32,813,842.65
Total	28,307,967.67	34,670,566.17	6,815,742.43	11,546,125.29	44,616,666.12

## 5.22 Short-term borrowings

### 1. Classification of short-term borrowings:

Borrowing condition	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Pledged loan	909,500,000.00	599,896,000.00	310,000,000.00
Mortgage borrowings	10,000,000.00	76,500,000.00	86,500,000.00

Borrowing condition	Asat December 31, 2022	Asat December 31, 2021	Asat December 31, 2020
Guaranteed borrowings	2,360,500,000.00	2,038,297,061.85	2,381,233,437.40
Fiduciary loans	52,000,000.00	3,000,000.00	264,970,000.00
Total	3,332,000,000.00	2,717,693,061.85	3,042,703,437.40

(1) Pledged loans:

Note 1: Huangshi Yimin Investment Co., Ltd. used the deposit deposited in the bank as a pledged to obtain a short-term loan of 9.50 million yuan from the Huangshi Tuanchengshan Sub-branch of Agricultural Bank of China joint stock company.

Note 2: Huangshi Yimin Investment Co., Ltd. pledged the deposit deposited in the bank to obtain a short-term loan of 900 million yuan from the Huangshi Jinshan New District Sub-branch of Hubei Bank joint stock company.

(2) Mortgage loan:

Note 1: Huangshi City Public Transport Group Co., Ltd. used the office building as collateral to obtain a short-term loan of 10 million yuan from Shenjiaying Sub-branch of Bank of Communications.

(3) Guaranteed loans:

Note 1: Huangshi City Public Transport Group Co., Ltd. is guaranteed by Huangshi City Urban Construction Investment and Development Co., Ltd., and has obtained a short-term loan of 20 million yuan from Hubei Rural Credit Cooperative, a short-term loan of 80 million yuan from Nanjing Road Sub-branch of Hubei Bank joint stock company Huangshi Branch, a short-term loan of 30 million yuan from Huangshi Branch of China Everbright Bank, a short-term loan of 30 million yuan from Shengyang Port Sub-branch of China Agricultural Bank of China, and a short-term loan of 90 million yuan from the business department of Huangshi Branch of China CITIC Bank joint stock company.

Note 2: Huangshi City Public Transport Group Co., Ltd. is guaranteed by Huangshi Water Supply Co., Ltd. to obtain a short-term loan of 50 million yuan from Shenjiaying Sub-branch of Bank of Communications joint stock company.

Note 3: Huangshi City Drainage Co., Ltd. is guaranteed by Huangshi City Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 5 million yuan from the Huangshi branch of Fuzhou Bank joint stock company.

Note 4: Huangshi Environmental Investment Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd., and has obtained a short-term loan of 20 million yuan from Nanjing Road Sub-branch of Hubei Bank joint stock company Huangshi Branch; obtained a short-term loan of 15 million yuan from Huangshi Sub-branch of Industrial Bank joint stock company.

Note 5: Huangshi Huantou Wastewater Treatment Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd., and has obtained a short-term loan of 10 million yuan from the Huangshi branch business department of China CITIC Bank joint stock company.

Note 6: Huangshi Yimin Investment Co., Ltd. is guaranteed by Huangshi Jinlan Trade Logistics Co., Ltd. and has obtained a short-term loan of 28.50 million yuan from Huangshi Tuanchengshan Sub-branch of Agricultural Bank of China joint stock company.

Note 7: Huangshi Yimin Investment Co., Ltd. is guaranteed by Huangshi Transportation Investment Group Co., Ltd. to obtain a short-term loan of 140 million yuan from Hengfeng Bank joint stock company Wuhan branch.

Note 8: Huangshi City Water Supply Company, guaranteed by Huangshi City Development Investment Group Co., Ltd., obtained a short-term loan of 200 million yuan from China CITIC Bank joint stock company Huangshi Branch and 50 million yuan from Guangfa Bank joint stock company Huangshi Sub-branch.

Note 9: Huangshi City Water Company to Huangshi City Urban Construction Investment and Development Co., Ltd. guarantee, obtained a short-term loan of 40 million yuan from Hubei Bank joint stock company Huangshi Wuhu Road Branch short-term loan 40 million yuan, obtained Hubei Bank joint stock



ckcompanyHuangshiNanjingRoadBranchshort-termloan45millionyuan.

Note 10: Sinopharm Holdings Edong Medical Care (Huangshi) Pharmaceutical Co., Ltd. is guaranteed by Hubei Edong Medical Care Group Co., Ltd., and has obtained a short-term loan of 15 million yuan from Huangshi Xinxialu Sub-branch of Hubei Bank.

Note 11: Hubei Dongchu Huachuang Trading Co., Ltd. is guaranteed by Huangshi City Urban Development Investment Group (Wuhan) Co., Ltd./Huangshi City Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 55 million yuan from Hankou Bank joint stock company Optics Valley Branch.

Note 12: Hubei Dongchu Huachuang Trading Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 10 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note 13: Hubei Edong Medical Care Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 40 million yuan from the Huangshi Economic Development Zone Sub-branch of China Industrial and Commercial Bank of China joint stock company.

Note 14: Hubei Edong Medical Care Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a short-term loan of 100 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note 15: Hubei Edong Medical Care Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 50 million yuan from Wuhan Branch of China Everbright Bank joint stock company.

Note 16: Hubei Edong Medical Care Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a short-term loan of 390 million yuan from Huangshi Sub-branch of China CITIC Bank joint stock company.

Note 17: Hubei Xingang Port Co., Ltd. obtained a short-term loan of 10 million yuan from Huangshi Rural Commercial Bank joint stock company under the guarantee of Huangshi Xingang Development Co., Ltd.

Note 18: Hubei Xingang Port Co., Ltd. guaranteed by Huangshi Xingang Development Co., Ltd. to obtain a short-term loan of 3 million yuan from Yangxin Hanyin Village Bank joint stock company.

Note 19: Hubei Xingang Science and Technology Entrepreneurship Park Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd., and has obtained a short-term loan of 10 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note 20: Hubei Xingang Science and Technology Entrepreneurship Park Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd., and has obtained a short-term loan of 5 million yuan from Yangxin Hanyin Village Bank joint stock company.

Note 21: Hubei Xingang Science and Technology Entrepreneurship Park Co., Ltd. is guaranteed by Yangxin County Small and Medium-sized Enterprise Financing Guarantee Co., Ltd., and has obtained a short-term loan of 8 million yuan from Hubei Yangxin Rural Commercial Bank joint stock company.

Note 22: Huangshi Chengfa Trading Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. to obtain a short-term loan of 20 million yuan from Huangshi Branch of Hankou Bank joint stock company.

Note 23: Huangshi Chengfa Trading Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 20 million yuan from Huangshi Nanjing Road Sub-branch of Hubei Bank joint stock company.

Note 24: Huangshi Chengfa Smart Logistics Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd., and has obtained a short-term loan of 7 million yuan from Huangshi Nanjing Road Sub-branch of Hubei Bank.

Note 25: Huangshi Chengfa Education Management Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a short-term loan of 9.90 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note26:HuangshiChengfaPropertyManagementCo.,Ltd.wasguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.andobtainedashort-termloanof10millionyuanfromHuangshiBranchofChinaEverbrightBankjointstockcompany.

Note27:HuangshiChengfaPropertyManagementCo.,Ltd.isguaranteedbyHuangshiUrbanConstructionInvestmentandDevelopmentCo.,Ltd.,andhasobtainedashort-termloanof10millionyuanfromHuangshiNanjingRoadSub-branchofHubeiBankjointstockcompany.

Note28:HuangshiCityUrbanDevelopmentInvestmentGroup(Wuhan)Co.,Ltd.isguaranteedbyHuangshiCityUrbanDevelopmentInvestmentGroupCo.,Ltd.andHubeiDongchuHuachuangTradingCo.,Ltd.,andhasobtainedashort-termloanof20millionyuanfromWuhanRuralCommercialBankjointstockcompanyOpticsValleyBranch.

Note29:HuangshiCityUrbanDevelopmentInvestmentGroupCo.,Ltd.isguaranteedbyHubeiEdongMedicalCareGroupCo.,Ltd.andhasobtainedashort-termloanof200millionyuanfromHuangshiNanjingRoadSub-branchofHubeiBank.

Note30:HuangshiSecondHospitalCo.,Ltd.isguaranteedbyHubeiEdongMedicalCareGroupCo.,Ltd.toobtainashort-termloanof10millionyuanfromHuangshiHuangshiPortSub-branchofAgriculturalBankofChinajointstockcompanyofChina.

Note31:HuangshiSecondHospitalCo.,Ltd.obtainedashort-termloanof45millionyuanfromHuangshiRuralCommercialBankjointstockcompanywiththegaranteeofHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.

Note32:HuangshiSecondHospitalCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.,andhasobtainedashort-termloanof20millionyuanfromHuangshiBridgeSub-branchofBankofCommunicationsHubeiBranch.

Note33:HuangshiSecondHospitalCo.,Ltd.obtainedashort-termloanof50millionyuanfromHuangshiBranchofIndustrialBankjointstockcompanyunderthegaranteeofHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd..

Note34:HuangshiSecondHospitalCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.toobtainashort-termloanof10millionyuanfromChinaMerchantsBankHuangshiBranchWandaSub-branch.

Note35:HuangshiFourthHospitalCo.,Ltd.isguaranteedbyHubeiEdongMedicalCareGroupCo.,Ltd.toobtainashort-termloanof19.50millionyuanfromHuangshiBranchofAgriculturalBankofChinajointstockcompany.

Note36:HuangshiFourthHospitalCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.toobtainashort-termloanof18millionyuanfromtheHuangshibranchofIndustrialBankjointstockcompany.

Note37:HuangshiFifthHospitalCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.toobtainashort-termloanof50millionyuanfromtheHuangshibranchofIndustrialBankjointstockcompany.

Note38:HuangshiCityCulturalTourismChildren'sAmusementDevelopmentCo.,Ltd.isguaranteedbyHuangshiState-ownedAssetsOperationCo.,Ltd.andhasobtainedashort-termloanof5.90millionyuanfromHuangshiBranchofHubeiBankjointstockcompany.

Note39:HuangshiXingangDevelopmentCo.,Ltd.obtainedashort-termloanof18.50millionyuanfromHubeiYangxinRuralCommercialBankjointstockcompanywiththegaranteeofHuangshiPortState-ownedAssetsOperationCo.,Ltd.

Note40:HuangshiXingangSanzhouEnvironmentalProtectionCo.,Ltd.isguaranteedbyHuangshiXingangWaterEngineeringConstructionCo.,Ltd.toobtainashort-termloanof900,000.00yuanfromHuangshiXisaiMountainSub-branchofIndustrialandCommercialBankofChinajointstockcompany.

Note41:HuangshiXingangEcologicalAgricultureCo.,Ltd.isguaranteedbyHuangshiXingangCulturalTourismDevelopmentCo.,Ltd.,HuangshiGangchengState-ownedAssetsOperationCo.,Ltd.,andHuangshiFinancingGuaranteeGroupCo.,Ltd.,andobtainsashort-termloanof5millionyuanfromHuangshiRuralCommercialBankJointStockCompany.

Note42:HuangshiXingangWaterEngineeringConstructionCo.,Ltd.isguaranteedbyHuangshiXingangDevelopmentCo.,Ltd.andHuangshiGangchengState-ownedAssetsOperationCo.,Ltd.toobtainashort-termloanof9.50millionyuanfromHubeiYangxinRuralComm

ercialBankjointstockcompany.

Note43:HuangshiXingangWaterEngineeringConstructionCo.,Ltd.guaranteedbyHuangshiXingangWaterEngineeringConstructi  
onCo.,Ltd.andobtainedashort-termloanof180millionyuanfromHubeiYangxinRuralCommercialBankjointstockcompany.

Note44:HuangshiXingangCulturalTourismDevelopmentCo.,Ltd.isguaranteedbyHuangshiXingangDevelopmentCo.,Ltd.toobta  
inashort-termloanof3millionyuanfromYangxinHanyinVillageBankjointstockcompany.

Note45:HuangshiXingangCulturalTourismDevelopmentCo.,Ltd.isguaranteedbyHuangshiXingangDevelopmentCo.,Ltd.andYa  
ngxinCountySmallandMedium-sizedEnterpriseFinancingGuaranteeCo.,Ltd.toobtainashort-termloanof19.80millionyuanfromHubei  
YangxinRuralCommercialBankjointstockcompany.

Note46:HuangshiXingangResourcesInvestmentandOperationCo.,Ltd.isguaranteedbyHuangshiXingangDevelopmentCo.,Ltd.a  
ndhasobtainedashort-termloanof40millionyuanfromHuangshiBranchofChinaEverbrightBankjointstockcompany.

Note47:HuangshiXingangResourcesInvestmentandOperationCo.,Ltd.isguaranteedbyYangxinCountySMEFinancingGuarantee  
Co.,Ltd.,andhasobtainedashort-termloanof9millionyuanfromHubeiYangxinRuralCommercialBankjointstockcompany.

#### (4)Creditloans

Note1:HuangshiChengfadirttransportCo.,Ltd.obtainedtheBankofCommunicationsjointstockcompanyHuangshibranchcreditloa  
n8millionyuan.

Note2:HuangshiChengfaPropertyManagementCo.,Ltd.obtainedacreditloanof4millionyuanfromBankofCommunicationsjointst  
ockcompanyHuangshibranch.

Note3:HuangshiCityConstructionCo.,Ltd.obtainedacreditloanof20millionyuanfromHankouBankjointstockcompanyHuangshib  
ranch.

Note4:HuangshiCityConstructionCo.,Ltd.obtainedacreditloanof20millionyuanfromthebusinessdepartmentofChinaMerchantsB  
ankjointstockcompanyHuangshiBranch.

### 5.23Notespayable

Item	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Bankacceptancebills	66,734,271.79	184,744,278.14	
Total	66,734,271.79	184,744,278.14	

### 5.24 Accountspayable

#### 5.24.1Classificationbyaging

Item	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Within1year(including1year)	1,510,843,669.68	1,023,639,845.20	415,096,989.16
Over1year	494,722,102.66	267,867,321.70	323,153,441.88
Total	2,005,565,772.34	1,291,507,166.90	738,250,431.04

#### 5.25 Advances from customers

Item	Asat December 31, 2022	Asat December 31, 2021	Asat December 31, 2020
Within 1 year (including 1 year)	824,923.66	9,018,453.75	1,333,500,751.98
Over 1 year			769,611,577.79
Total	824,923.66	9,018,453.75	2,103,112,329.77

#### 5.26 Contract liabilities

Item	Asat December 31, 2022	Asat January 1, 2021
Advance payment for sales	915,076,099.91	1,494,885,743.24
Total	915,076,099.91	1,494,885,743.24

#### 5.27 Employee salary payable

##### 5.27.1. Category

Item	Asat January 1, 2020	Increase in this period	Decrease in this period	Asat December 31, 2020
Short-term compensation	12,838,543.49	486,336,642.84	488,530,951.98	10,644,234.35
Post-employment welfare-defined contribution plans	219,812.19	23,815,325.91	23,820,102.69	215,035.41
Total	13,058,355.68	510,151,968.75	512,351,054.67	10,859,269.76

Item	Asat January 1, 2021	Increase in this period	Decrease in this period	Asat December 31, 2021
Short-term compensation	10,644,234.35	499,438,099.98	502,425,533.38	7,656,800.95
Post-employment welfare-defined contribution plans	215,035.41	51,318,155.50	51,316,714.78	216,476.13
Dismissal benefits		540,365.00	540,365.00	
Total	10,859,269.76	551,296,620.48	554,282,613.16	7,873,277.08

Item	Asat January 1, 2022	Increase in this period	Decrease in this period	Asat December 31, 2022
Short-term compensation	7,656,800.95	498,322,959.93	496,236,448.67	9,743,312.21
Post-employment welfare-defined contribution plans	216,476.13	43,573,547.21	43,383,863.23	406,160.11
Total	7,873,277.08	541,896,507.14	539,620,311.90	10,149,472.32

##### 5.27.2. Short-term employee salary

Item	Asat January 1, 2020	Increase in this period	Decrease in this period	Asat December 31, 2020
Salary, bonus, allowance and subsidy	9,249,271.83	399,060,522.13	401,600,028.81	6,709,765.15

Item	Asat January 1, 2020	Increase in this period	Decrease in this period	Asat December 31, 2020
Employee benefits	13,850.70	18,745,624.41	18,724,250.65	35,224.46
Social insurance premiums	304,688.62	30,841,030.78	30,980,528.50	165,190.90
Including: medical insurance premiums	282,884.62	30,067,115.47	30,197,794.64	152,205.45
Work-related injury insurance premiums	15,235.71	503,819.67	512,435.52	6,619.86
Maternity insurance premiums	6,568.29	270,095.64	270,298.34	6,365.59
Housing fund	686,291.12	30,314,920.56	30,622,957.24	378,254.44
Labor union expenditures and employee education expenses	2,584,441.22	7,374,544.96	6,603,186.78	3,355,799.40
Total	12,838,543.49	486,336,642.84	488,530,951.98	10,644,234.35

Item	Asat January 1, 2021	Increase in this period	Decrease in this period	Asat December 31, 2021
Salary, bonus, allowance and subsidy	6,709,765.15	403,130,117.82	403,723,956.45	6,115,926.52
Employee benefits	35,224.46	15,483,492.60	15,464,940.00	53,777.06
Social insurance premiums	165,190.90	46,641,280.37	46,677,881.63	128,589.64
Including: medical insurance premiums	152,205.45	40,284,217.56	40,321,855.08	114,567.93
Work-related injury insurance premiums	6,619.86	1,912,172.28	1,912,172.28	6,619.86
Maternity insurance premiums	6,365.59	4,444,890.53	4,443,854.27	7,401.85
Housing fund	378,254.44	26,078,054.09	26,009,055.76	447,252.77
Labor union expenditures and employee education expenses	3,355,799.40	8,105,155.10	10,549,699.54	911,254.96
Total	10,644,234.35	499,438,099.98	502,425,533.38	7,656,800.95

Item	Asat January 1, 2022	Increase in this period	Decrease in this period	Asat December 31, 2022
Salary, bonus, allowance and subsidy	6,115,926.52	431,218,326.27	429,178,710.43	8,155,542.36
Employee benefits	53,777.06	10,332,127.55	10,321,087.55	64,817.06
Social insurance premiums	128,589.64	29,888,264.26	29,947,667.52	69,186.38
Including: medical insurance premiums	114,567.93	28,097,544.15	28,161,768.13	50,343.95
Work-related injury insurance premiums	6,619.86	1,751,354.03	1,746,255.08	11,718.81
Maternity insurance premiums	7,401.85	39,366.08	39,644.31	7,123.62
Housing fund	447,252.77	22,630,566.48	22,628,556.55	449,262.70
Labor union expenditures and employee education expenses	911,254.96	4,253,675.37	4,160,426.62	1,004,503.71
Total	7,656,800.95	498,322,959.93	496,236,448.67	9,743,312.21

### 5.27.3. Defined contribution plans

Item	Asat January 1, 2020	Increase in this period	Decrease in this period	Asat December 31, 2020
Basic endowment insurance	214,777.66	23,163,808.22	23,168,564.89	210,020.99
Unemployment insurance	5,034.53	515,113.01	515,133.12	5,014.42
Enterprise annuity		136,404.68	136,404.68	
Total	219,812.19	23,815,325.91	23,820,102.69	215,035.41

Item	Asat January 1, 2021	Increase in this period	Decrease in this period	Asat December 31, 2021
Basic endowment insurance	210,020.99	40,361,908.60	40,360,299.60	211,629.99
Unemployment insurance	5,014.42	1,598,947.97	1,599,116.25	4,846.14
Enterprise annuity		9,357,298.93	9,357,298.93	
Total	215,035.41	51,318,155.50	51,316,714.78	216,476.13

Item	Asat January 1, 2022	Increase in this period	Decrease in this period	Asat December 31, 2022
Basic endowment insurance	211,629.99	40,804,667.00	40,619,556.27	396,740.72
Unemployment insurance	4,846.14	1,525,806.75	1,521,233.50	9,419.39
Enterprise annuity		1,243,073.46	1,243,073.46	
Total	216,476.13	43,573,547.21	43,383,863.23	406,160.11

#### 5.28 Taxes and surcharges payable

Tax type	Asat December 31, 2022	Asat December 31, 2021	Asat December 31, 2020
Value added tax (VAT)	358,596,031.42	297,927,538.61	191,074,989.74
Business tax	8,989,954.97	9,017,649.59	8,989,779.96
Enterprise income tax	621,405,570.73	510,116,846.38	417,513,605.35
Urban maintenance and construction tax	20,519,121.67	15,917,936.67	11,789,882.03
Property taxes	4,691,128.89	5,807,177.92	2,862,109.12
Land use taxes	12,879,697.15	17,304,735.69	5,921,635.16
Individual income tax	4,517,873.19	533,043.32	451,393.94
Education surcharge	16,638,717.84	8,646,612.68	4,528,886.88
Other taxes and surcharges	765,044.28	4,537,459.13	2,072,894.56
Total	1,049,003,140.14	869,808,999.99	645,205,176.74

#### 5.29 Other payables

Type	Asat December 31, 2022	Asat December 31, 2021	Asat December 31, 2020
Interest payable			297,247,137.86

Type	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Dividendspayable			
Otherpayables	5,442,895,872.17	4,077,535,512.60	6,246,678,923.43
Total	5,442,895,872.17	4,077,535,512.60	6,543,926,061.29

#### 5.29.1. Interestpayable

Type	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Interestonlong-termpayables			130,295,260.45
Interestoncorporatebonds			166,951,877.41
Total			297,247,137.86

#### 5.29.2. Otherpayables

##### 5.29.2.1 Classificationbynatureofpayment

Natureofpayment	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Borrowings	90,668,530.63	1,474,935,818.54	2,821,022,126.56
Currentaccounts	5,045,085,676.03	2,304,841,367.07	2,517,418,954.04
Securitydeposit	63,883,567.24	43,993,036.79	655,987,452.88
Collectionsandadvances	243,258,098.27	253,765,290.20	252,250,389.95
Total	5,442,895,872.17	4,077,535,512.60	6,246,678,923.43

##### 5.29.2.2 Othersignificantpayableswithagingoveroneyear

Entityname	Endingbalance	Reasonfornorepayment
HuangshiZhongbangHousingInvestmentCo.,Ltd.	193,423,693.10	Currentaccount
DayeCity,JinshanStreetOffice,SizhuVillageVillagersCommittee	50,000,000.00	Currentaccount
DayeCity,JinshanStreetOffice,DaluVillageVillagersCommittee	20,000,000.00	Currentaccount
DayeCity,JinshanStreetOffice,LupingVillageVillagersCommittee	10,000,000.00	Currentaccount
DayeCity,JinshanStreetOffice,ShengshuiquanVillageVillagersCommittee	10,000,000.00	Currentaccount
Total	283,423,693.10	

#### 5.30 Non-currentliabilitiesmaturingwithinoneyear

Item	AsatDecember31,2022	AsatDecember31,2021	AsatDecember31,2020
Long-termborrowingsduewithinoneyear	2,298,852,719.50	1,407,887,469.89	936,185,860.64
Bondspayableduewithinoneyear	14,346,167,654.33	6,052,553,333.34	1,210,000,000.00
Long-termpayablesmaturingwithinoneyear	4,362,773,581.94	3,727,636,523.80	3,808,774,353.70
Leaseliabilitiesduewithinoneyear	1,711,907.25	4,807,016.21	
Total	21,009,505,863.02	11,192,884,343.24	5,954,960,214.34

### 5.31 Long-term borrowings

Borrowing condition	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Pledged loan	2,936,001,000.00	4,137,086,800.00	4,476,812,600.00
Mortgage borrowings	1,208,140,000.00	1,255,577,530.11	1,260,000,000.00
Guaranteed borrowings	7,803,934,737.64	4,902,379,476.94	5,121,510,476.94
Fiduciary loans	2,727,020,257.25	2,015,697,870.78	989,799,122.84
Total	14,675,095,994.89	12,310,741,677.83	11,848,122,199.78

#### (1) Pledged borrowings:

Note 1: Huangshi City Development Investment Group Asset Management Co., Ltd. pledged accounts receivable to obtain a long-term loan of 103 million yuan from Huangshi Branch of Hubei Bank joint stock company.

Note 2: Huangshi City Development Investment Group Asset Management Co., Ltd. pledged accounts receivable to obtain a long-term loan of 199.2710 million yuan from Huangshi Tianjin Road Sub-branch of Industrial and Commercial Bank of China joint stock company.

Note 3: Huangshi Environmental Investment Co., Ltd. pledged the charging pile concession right to obtain a long-term loan of 10 million yuan from Huangshi Sub-branch of China Minsheng Bank joint stock company.

Note 4: Huangshi Environmental Investment Co., Ltd. pledged the right to operate sewage treatment and obtained a long-term loan of 37.08 million yuan from Huangshi Branch of Industrial Bank joint stock company.

Note 5: Huangshi Yimin Investment Co., Ltd. has obtained a long-term loan of 199.7 million yuan from Huangshi Huangjinshan Sub-branch of China Construction Bank joint stock company by pledging bank deposits.

Note 6: Huangshi Yimin Investment Co., Ltd. pledged accounts receivable to obtain a long-term loan of 1.57216 billion yuan from the Huangshi Branch of Agricultural Development Bank of China.

Note 7: Huangshi Water Supply Company pledged accounts receivable to obtain a long-term loan of 152 million yuan from Huangshi Sheyang Port Sub-branch of Agricultural Bank of China joint stock company.

Note 8: Sinopharm Holding Edong Medical Care (Huangshi) Pharmaceutical Co., Ltd. pledged the accounts receivable and obtained the loan of 6.49 million yuan pledged by the Huangshi Development Zone Sub-branch of Hankou Bank joint stock company.

Note 9: Huangshi Xingang Development Co., Ltd. pledged accounts receivable to obtain a loan of 592.80 million yuan pledged by Huangshi Xisai Mountain Sub-branch of Industrial and Commercial Bank of China joint stock company.

Note 10: Huangshi Xingang Development Co., Ltd. pledged accounts receivable to obtain a mortgage loan of 63.50 million yuan from Huangshi Xisai Mountain Sub-branch of Industrial and Commercial Bank of China joint stock company.

#### (2) Mortgage loan:

Note 1: Hubei Huangshan Science and Technology Park Investment Co., Ltd. mortgaged the land use right and obtained a long-term loan of 104.14 million yuan from the Huangshi Jinshan New District Sub-branch of Hubei Bank joint stock company.

Note 2: Huangshi Cihu High-tech Development Co., Ltd. mortgaged real estate rights and obtained a long-term loan of 341 million yuan from the Huangshi Development Zone Branch of Hankou Bank joint stock company.

Note 3: Huangshi City Urban Construction Investment and Development Co., Ltd. obtained a long-term loan of 275 million yuan from Nanjing Road Sub-branch of Hubei Bank Huangshi Branch with inventory mortgage.

Note 4: Huangshi Urban Renewal Industry Development Group Co., Ltd. obtained a mortgage loan of 131 million yuan from China Devel



opmentBankHubeiBranchwithrealestaterightsmortgage.

Note5:HuangshiUrbanRenewalIndustryDevelopmentGroupCo.,Ltd.obtainedamortgageloanof50millionyuanfromHankouBankHuangshiBranchwithrealestaterightsmortgage.

Note6:HuangshiXingangDevelopmentCo.,Ltd.obtainedamortgageloanof307millionyuanfromHuangshiLimeKilnBranchofAgriculturalBankofChinajointstockcompanywiththemortgageoflanduserights.

(3)Guaranteedloans

Note1:HuangshiCihuHigh-techDevelopmentCo.,Ltd.isguaranteedbyHuangshiXingangDevelopmentCo.,Ltd.andhasobtainedalong-termloanof110millionyuanfromHuangshiBranchofBankofChinajointstockcompany.

Note2:HuangshiCityheatsupplyjointstockcompanytoHuangshiCityDevelopmentInvestmentGroupCo.,Ltd.guarantee,HubeiBankjointstockcompanyHuangshiNanjingRoadBranchlong-termloan58.75millionyuan.

Note3:HuangshiChengfaKuaiyiChargeNewEnergyCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.,andhasobtainedalong-termloanof3.50millionyuanfromHuangshiSub-branchofIndustrialBankjointstockcompany.

Note4:HuangshiChengfaKuaiyiChargeNewEnergyCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.,andhasobtainedalong-termloanof10millionyuanfromHuangshiBranchofChinaEverbrightBankjointstockcompany.

Note5:HuangshiChengfaEnergyCo.,Ltd.guaranteedbyHuangshiXingangDevelopmentCo.,Ltd.andobtainedalong-termloanof690millionyuanfromHuangshiBranchofAgriculturalBankofChinajointstockcompany.

Note6:HuangshiChengfaParkingManagementCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.andhasobtainedalong-termloanof15millionyuanfromHuangshiBranchofChinaEverbrightBankjointstockcompany.

Note7:HuangshiChengfaParkingManagementCo.,Ltd.isguaranteedbyHuangshiUrbanConstructionInvestmentandDevelopmentCo.,Ltd.,andhasobtainedalong-termloanof36millionyuanfromHuangshiRuralCommercialBankjointstockcompany.

Note8:HuangshiChengfaParkingManagementCo.,Ltd.isguaranteedbyHuangshiUrbanConstructionInvestmentandDevelopmentCo.,Ltd.,andhasobtainedalong-termloanof58.125millionyuanfromHuangshiSub-branchofIndustrialBankjointstockcompany.

Note9:HuangshiCityUrbanDevelopmentInvestmentGroupAssetManagementCo.,Ltd.isguaranteedbyHuangshiCityUrbanConstructionInvestmentandDevelopmentCo.,Ltd.,andhasobtainedalong-termloanof24.28millionyuanfromtheYellowCraneTowerSub-branchofChinaEverbrightBankjointstockcompany.

Note10:HuangshiEnvironmentalInvestmentCo.,Ltd.isguaranteedbyHuangshiUrbanConstructionInvestmentandDevelopmentCo.,Ltd.andhasobtainedalong-termloanof54.60millionyuanfromHuangshiBranchofIndustrialandCommercialBankofChinajointstockcompany.

Note11:HuangshiHuantouRecycledBuildingMaterialsTechnologyCo.,Ltd.isguaranteedbyHuangshiUrbanDevelopmentInvestmentGroupCo.,Ltd.,andhasobtainedalong-termloanof27.50millionyuanfromHuangshiGlobalSub-branchofChinaConstructionBankjointstockcompany.

Note12:HuangshiYiminInvestmentCo.,Ltd.isguaranteedbyHuangshiCihuHigh-techDevelopmentCo.,Ltd.,andhasobtainedalong-termloanof138.30millionyuanfromHuaXiaBankjointstockcompanyWuhanXinhuaSub-branch.

Note13:HuangshiYiminInvestmentCo.,Ltd.guaranteedbyHuangshiCihuHigh-techDevelopmentCo.,Ltd.andobtainedalong-termloanof270millionyuanfromWuhanZhongbangBankjointstockcompany.

Note14:HuangshiYiminInvestmentCo.,Ltd.isguaranteedbyHuangshiCihuHigh-techDevelopmentCo.,Ltd.,andhasobtainedalong-termloanof684millionyuanfromHuangshiBranchofIndustrialandCommercialBankofChinajointstockcompany.

Note 15: Huangshi Yimin Investment Co., Ltd. is guaranteed by Huangshi Cihu High-tech Development Co., Ltd., and has obtained a long-term loan of 164 million yuan from China Construction Bank joint stock company Huangshi Huangshan Jinshan Sub-branch.

Note 16: Huangshi Yimin Investment Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd. and has obtained a long-term loan of 1.91 million yuan from Huangshi Branch of Agricultural Development Bank of China.

Note 17: Huangshi Zhongcheng Construction Project Management Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a long-term loan of 216.81 million yuan from Huangshi Tianjin Road Sub-branch of Industrial and Commercial Bank of China joint stock company.

Note 18: Huangshi City Water Company to Huangshi City Development Investment Group Co., Ltd. guarantee, obtained the Bank of Communications joint stock company Huangshi Wuhu Road Branch long-term loan 60.90 million yuan.

Note 19: Huangshi City Water Company, guaranteed by Huangshi City Development Investment Group Co., Ltd., obtained a long-term loan of 60 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note 20: Huangshi Water Supply Company, guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd., obtained a long-term loan of 50 million yuan from Huangshi Tianjin Road Sub-branch of Industrial and Commercial Bank of China joint stock company.

Note 21: Sinopharm Holding Edong Medical Care (Huangshi) Pharmaceutical Co., Ltd. is guaranteed by Sinopharm Holding Edong Medical Care (Huangshi) Pharmaceutical Co., Ltd. and Huangshi Urban Development Investment Group Co., Ltd., and has obtained a guarantee loan of 12.46 million yuan from the branch of Hankou Bank joint stock company Huangshi Development Zone.

Note 22: Hubei Edong Medical Care Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and obtained a guarantee loan of 202.90 million yuan from the New Development Bank.

Note 23: Hubei Xingang Port Co., Ltd. guaranteed by Huangshi Xingang Development Co., Ltd., and obtained a guaranteed loan of 25.20 million yuan from Hubei Yangxin Rural Commercial Bank joint stock company.

Note 24: Hubei Xingang Port Co., Ltd. guaranteed by Huangshi Xingang Development Co., Ltd. and obtained a guaranteed loan of 101.75 million yuan from Yueji azui Branch of Hua Xia Bank joint stock company.

Note 25: Hubei Xingang Port Co., Ltd. guaranteed by Huangshi Xingang Development Co., Ltd. and obtained a guaranteed loan of 159 million yuan from Huangshi Lime Kiln Sub-branch of Agricultural Bank of China joint stock company.

Note 26: Hubei Xingang Science and Technology Pioneer Park Co., Ltd. obtained a guaranteed loan of 216,923,500 yuan from Yangxin County Sub-branch of Agricultural Development Bank of China under the guarantee of Huangshi Xingang Development Co., Ltd..

Note 27: Huangshi Urban Renewal Industry Development Group Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a loan of 7.50 million yuan guaranteed by Huangshi Rural Commercial Bank Joint Stock Company.

Note 28: Huangshi Urban Renewal Industry Development Group Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd., and has obtained a loan of 36 million yuan guaranteed by Huangshi Rural Commercial Bank Joint Stock Company.

Note 29: Huangshi Urban Development Investment Group Co., Ltd. is guaranteed by Huangshi Transportation Investment Group Co., Ltd. and has obtained a guaranteed loan of 440 million yuan from Huangshi Branch of Agricultural Development Bank of China.

Note 30: Huangshi Fourth Hospital Co., Ltd. is guaranteed by Hubei Edong Medical Care Group Co., Ltd. and has obtained a loan of 8 million yuan guaranteed by Huangshi Rural Commercial Bank Joint Stock Company.

Note 31: Huangshi Fifth Hospital Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a guaranteed loan of 120.36 million yuan from Huangshi Branch of China Everbright Bank joint stock company.

Note32: Huangshi Railway Construction Investment Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a guaranteed loan of 191.90 million yuan from Huangshi Lime Kiln Sub-branch of Agricultural Bank of China joint stock company.

Note33: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a guaranteed loan of 140 million yuan from Huangshi Sub-branch of Guangfa Bank joint stock company.

Note34: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a guaranteed loan of 71.082 million yuan from China Golden Valley International Trust Co., Ltd.

Note35: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd. and obtains a guaranteed loan of 450 million yuan from Huabao Trust Co., Ltd.

Note36: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi Urban Construction Investment and Development Co., Ltd. and has obtained a guaranteed loan of 19 million yuan from China Construction Bank Hubei Branch Huangshi Metallurgical and Steel Sub-branch.

Note37: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi State-owned Assets Management Co., Ltd. and has obtained a guaranteed loan of 398 million yuan from Huangshi Branch of Agricultural Development Bank of China.

Note38: Huangshi Xingang Development Co., Ltd. is guaranteed by Huangshi State-owned Assets Management Co., Ltd. and has obtained a guaranteed loan of 80 million yuan from Yangxin County Sub-branch of Agricultural Development Bank of China.

Note39: Huangshi Xingang Development Co., Ltd. is guaranteed by Yangxin County Urban Construction Investment Development Co., Ltd. and has obtained a guaranteed loan of 124.99 million yuan from Yangxin Sub-branch of Hubei Bank joint stock company.

Note40: Huangshi Xingang Cultural Tourism Development Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd. and has obtained a guaranteed loan of 681 million yuan from Huangshi Branch of Agricultural Development Bank of China.

Note41: Huangshi Xingang Cultural Tourism Development Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd. and has obtained a guaranteed loan of 203 million yuan from Yangxin County Sub-branch of Agricultural Development Bank of China.

Note42: Huangshi Xingang Cultural Tourism Development Co., Ltd. is guaranteed by Yangxin County Small and Medium-sized Enterprise Financing Guarantee Co., Ltd. and has obtained a guaranteed loan of 7.7778 million yuan from Yangxin County Sub-branch of Agricultural Development Bank of China.

Note43: Huangshi Xingang Real Estate Co., Ltd. is guaranteed by Huangshi Urban Development Investment Group Co., Ltd. and has obtained a guaranteed loan of 300 million yuan from China Development Bank.

Note44: Huangshi Xingang Real Estate Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd. and has obtained a guaranteed loan of 9.50 million yuan from Hubei Yangxin Rural Commercial Bank joint stock company.

Note45: Huangshi Xingang Real Estate Co., Ltd. is guaranteed by Huangshi Xingang Development Co., Ltd. and has obtained a guaranteed loan of 1.06402 billion yuan from Yangxin County Sub-branch of Agricultural Development Bank of China.

#### (4) Credit loans

Note1: Huangshi City Construction Investment and Development Co., Ltd. obtained a credit loan of 477 million yuan from China Mingsheng Bank joint stock company Wuhan branch.

Note2: Hubei Edong Medical Group Co., Ltd. obtained a credit loan of 282 million yuan from Bohai Bank joint stock company Wuhan branch.

Note3: Huangshi City Development Investment Group Co., Ltd. obtained a credit loan of 200 million yuan from Everbright Bank joint stock

ckcompany Wuhan branch.

Note4:HuangshiSecondHospitalCo.,Ltd.obtainedacreditloanof50millionyuanfromChinaEverbrightBankjointstockcompanyHuangshibranch.

Note5:HuangshiFifthHospitalCo.,Ltd.obtainedacreditloanof187.019millionyuanfromthebusinessdepartmentofHuangshiBranchofChinaMerchantsBankjointstockcompany.

Note6:HuangshiFifthHospitalCo.,Ltd.obtainedacreditloanof8millionyuanfromHuangshiRuralCommercialBankjointstockcompany.

Note7:HuangshiRailwayConstructionInvestmentCo.,Ltd.obtainedacreditloanof152,350.13millionyuanfromtheNewDevelopmentBank.

### 5.32 Bonds payable

Item	Asat December 31, 2022	Asat December 31, 2021	Asat December 31, 2020
22HuangshiChengfaPPN001	2,000,000,000.00		
21HuangshiChengfaPPN003	1,500,000,000.00	1,500,000,000.00	
20HuangshiCityInvestmentBonds(IVCorporateBonds)	1,440,000,000.00		
21HuangchengfaCorporateDebt001	1,200,000,000.00		
Medium-termNotes2021FirstIssue	1,000,000,000.00	1,000,000,000.00	
21HuangshiChengfaPPN001	1,000,000,000.00	1,000,000,000.00	
21HuangshiChengfaMTN001	1,000,000,000.00	1,000,000,000.00	
21HuangFa01Corporatedebt	1,000,000,000.00	1,000,000,000.00	
22HuangshiChengfaCorporateDebt01	1,000,000,000.00		
22HuangshiChengfaMTN001	1,000,000,000.00		
22HuangshiChengfaCorporateDebt02	1,000,000,000.00		
22HuangshiChengfaMTN002	1,000,000,000.00		
22HuangshiChengfaPPN002	1,000,000,000.00		
22HuangshiChengfaMTN003	1,000,000,000.00		
22CihuHigh-techDebt	991,866,785.71		
19CihuHigh-techMTN02	826,850,694.38	987,677,083.33	986,503,472.28
22HuangshiCityInvestmentPPN001	700,000,000.00		
22HuangFa01Corporatedebt	600,000,000.00		
21CihuHigh-techPPN01A	532,678,017.48	521,737,817.99	
21CihuHigh-techPPN01B	526,478,571.10	519,914,451.41	
21HuangshiChengfaPPN002	500,000,000.00	500,000,000.00	
HuangshiXingangDevelopmentCo.,Ltd.2021non-publicdistributioncompanybonds(secondphase)(21newlyopened02)	494,260,221.44	493,000,000.00	
20-YearHuangshiXingangCorporateBond	488,043,770.43	483,286,356.97	476,415,094.34
21HuangchengfaCompanyDebt001	440,000,000.00		
22CihuHigh-techPPN001	400,000,000.00		

Item	AsatDecember 31,2022	AsatDecember 31,2021	AsatDecember 31,2020
22HuangFa03Corporatebonds	400,000,000.00		
2020non-publicissuanceofprojectincomebonds	365,000,000.00		
20Yimin01	361,542,784.14	447,023,250.00	446,172,750.00
20Yimin02	340,000,000.00	337,643,800.00	337,001,200.00
22YellowMagnetic01	339,376,666.67		
HuangshiXingangDevelopmentCo.,Ltd.2021non-publicdistributioncompanybonds(firstphase)(21newlyopened01)	296,621,502.82	295,861,060.00	
17HubeiHuangshiNewPortPhase1	260,296,456.45	433,222,492.16	782,860,327.16
21CihuHigh-techPPN02	193,369,576.07	189,391,321.71	
22CihuHigh-techPPN002	99,760,000.00		
16HubeiHuangshiNewPortPhase1	13,770,899.23	27,586,385.69	55,189,620.31
20yearsofCihuHigh-techPPN		498,166,666.67	497,166,666.66
15HuangChengtou			600,000,000.00
16Non-publictargeteddebt02			500,000,000.00
16Non-publictargetedbonds03		350,000,000.00	350,000,000.00
17Non-publictargeteddebt			820,000,000.00
21CihuHigh-techMTN001		788,065,333.33	
21CihuHigh-techMTN002		787,319,416.67	
21Yimin01		208,428,937.50	
21CihuHigh-techMTN003		196,083,937.50	
17Non-publictargeteddebt3			500,000,000.00
13CihuHigh-techDebt02			140,000,000.00
16CihuHigh-techBond01		600,000,000.00	900,000,000.00
16CihuHigh-techDebt02		280,000,000.00	420,000,000.00
18CihuHigh-techBond01			398,282,638.89
18CihuHigh-techDebt02			398,282,638.89
CityInvestmentPhase1DebtFinancingPlan		499,000,000.00	499,000,000.00
Thefirstphaseofdebtfinancingplan19years			300,000,000.00
Medium-termNotes2019Issue1			150,000,000.00
Medium-termNotes2019SecondIssue			750,000,000.00
20CihuHigh-techCP001			999,239,583.33
20CihuHigh-techCP002			499,450,000.00
20ThirdIssuePPN1stIssue		1,000,000,000.00	1,000,000,000.00
20ThirdIssuePPN2ndIssue		500,000,000.00	500,000,000.00
20ThirdIssuePPN3rdIssue		500,000,000.00	500,000,000.00
20Thefirstphaseofdebtfinancingplan		400,000,000.00	400,000,000.00
20Thesecondphaseofthedebtfinancingplan		200,000,000.00	200,000,000.00

Item	AsatDecember 31,2022	AsatDecember 31,2021	AsatDecember 31,2020
20Thethirdphaseofdebtfinancingplan		400,000,000.00	400,000,000.00
20HuangshiCityInvestmentMTN001		500,000,000.00	500,000,000.00
20HuangshiCityInvestmentMTN002			500,000,000.00
20HuangshiCityInvestmentPhaseIVCorporateBond		1,800,000,000.00	1,800,000,000.00
20HuangshiChengfaProjectIncomeDebt		440,000,000.00	440,000,000.00
21Huangchengfacompanydebt		500,000,000.00	
Chengfa21corporatebonds		1,200,000,000.00	
21HuangshiChengfaCP001		1,000,000,000.00	
Interesttobepaid		524,637,212.09	
Total	25,309,915,945.92	23,908,045,523.02	18,045,563,991.86

1.Changes in bond payable

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2019	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2020
13Cihu High-tech Bond01	300,000,000.00	2013/12/11	7years	300,000,000.00	60,000,000.00		60,000,000.00		
13Cihu High-tech Debt02	700,000,000.00	2014/1/21	7years	700,000,000.00	280,000,000.00		140,000,000.00		140,000,000.00
15Huangchengtou	1,500,000,000.00	2015/4/29	7years	1,500,000,000.00	900,000,000.00		300,000,000.00		600,000,000.00
16Non-public targeted debt01	500,000,000.00	2016/11/23	5years	500,000,000.00	500,000,000.00		500,000,000.00		
16Cihu High-tech Bond01	1,500,000,000.00	2016/6/8	7years	1,500,000,000.00	1,200,000,000.00		300,000,000.00		900,000,000.00
16Cihu High-tech Debt02	700,000,000.00	2016/6/8	7years	700,000,000.00	560,000,000.00		140,000,000.00		420,000,000.00
16Non-public targeted debt02	500,000,000.00	2017/5/26	5years	500,000,000.00	500,000,000.00				500,000,000.00
17Non-public targeted debt	1,000,000,000.00	2017/8/31	5years	1,000,000,000.00	1,000,000,000.00		180,000,000.00		820,000,000.00
18Cihu High-tech Bond01	400,000,000.00	2018/6/13	3years	400,000,000.00	394,160,972.22			4,121,666.67	398,282,638.89
18Cihu High-tech Debt02	400,000,000.00	2018/6/19	3years	400,000,000.00	394,160,972.22			4,121,666.67	398,282,638.89
City Investment Phase I Debt Financing Plan	500,000,000.00	2018/3/28	5years	500,000,000.00	499,000,000.00				499,000,000.00
16Non-public targeted bonds03	350,000,000.00	2018/2/9	5years	350,000,000.00	350,000,000.00				350,000,000.00
16Non-public targeted debt04	150,000,000.00	2018/5/24	3years	150,000,000.00	150,000,000.00		150,000,000.00		
17Non-public targeted debt2	500,000,000.00	2018/6/28	3years	500,000,000.00	500,000,000.00		500,000,000.00		
17Non-public targeted debt3	500,000,000.00	2018/11/28	2years	500,000,000.00	500,000,000.00				500,000,000.00
The first phase of debt financing plan 19years	500,000,000.00	2019/3/28	3years	500,000,000.00	500,000,000.00		200,000,000.00		300,000,000.00
Medium-term Notes 2019 Issue 1	150,000,000.00	2019/8/16	3+2years	150,000,000.00	150,000,000.00				150,000,000.00
Medium-term Notes 2019 Second Issue	750,000,000.00	2019/10/28	3+2years	750,000,000.00	750,000,000.00				750,000,000.00

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2019	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2020
19CihuHigh-techMTN02	1,000,000,000.00	2019/12/26	3-2years	1,000,000,000.00	979,461,805.56			7,041,666.72	986,503,472.28
20CihuHigh-techCP001	1,000,000,000.00	2020/5/22	1year	1,000,000,000.00		998,175,000.00		1,064,583.33	999,239,583.33
20CihuHigh-techCP002	500,000,000.00	2020/8/27	1year	500,000,000.00		499,175,000.00		275,000.00	499,450,000.00
20yearofCihuHigh-techPPN	500,000,000.00	2020/10/23	3years	500,000,000.00		497,000,000.00		166,666.66	497,166,666.66
20Yimin01	450,000,000.00	2020/7/17	3-2years	450,000,000.00		450,000,000.00		-3,827,250.00	446,172,750.00
20Yimin02	340,000,000.00	2020/9/24	3-2years	340,000,000.00		340,000,000.00		-2,998,800.00	337,001,200.00
20ThirdissuePPN1stissue	1,000,000,000.00	2020/2/24	3years	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00
20ThirdissuePPN2ndissue	500,000,000.00	2020/4/23	3years	500,000,000.00		500,000,000.00			500,000,000.00
20ThirdissuePPN3rdissue	500,000,000.00	2020/8/17	3years	500,000,000.00		500,000,000.00			500,000,000.00
20Thefirstphaseofdebtfinancingplan	400,000,000.00	2020/3/6	3-2years	400,000,000.00		400,000,000.00			400,000,000.00
20Thesecondphaseofdebtfinancingplan	200,000,000.00	2020/6/1	1year	200,000,000.00		200,000,000.00			200,000,000.00
20Thethirdphaseofdebtfinancingplan	400,000,000.00	2020/10/14	3years	400,000,000.00		400,000,000.00			400,000,000.00
HuangshiCityInvestmentMTN001	500,000,000.00	2020/7/31	3years	500,000,000.00		500,000,000.00			500,000,000.00
HuangshiCityInvestmentMTN002	500,000,000.00	2020/9/23	2years	500,000,000.00		500,000,000.00			500,000,000.00
20HuangshiCityInvestmentPhaseIVCorporateBond	1,800,000,000.00	2020/5/7	7years	1,800,000,000.00		1,800,000,000.00			1,800,000,000.00
16HubeiHuangshiNewPortPhase1	70,000,000.00	2016/12/28	8years	70,000,000.00	69,837,668.89		14,000,000.00	-648,048.58	55,189,620.31
17HubeiHuangshiNewPortPhase1	900,000,000.00	2017/3/28	8years	900,000,000.00	893,029,040.84		90,000,000.00	-20,168,713.68	782,860,327.16



Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	Asat December 31, 2019	Issuance in this period	Repayment in this period	Discount amortization	Asat December 31, 2020
20-Year Huangshi Xingang Corporate Bond	500,000,000.00	2020/12/11	5 years	500,000,000.00		500,000,000.00		-23,584,905.66	476,415,094.34
20 Huangshi Chengfa Project Income Debt	500,000,000.00	2020/5/7	7 years	500,000,000.00		500,000,000.00	60,000,000.00		440,000,000.00
Total	22,460,000,000.00			22,460,000,000.00	11,129,650,459.73	9,584,350,000.00	2,634,000,000.00	-34,436,467.87	18,045,563,991.86

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	Asat December 31, 2020	Issuance in this period	Repayment in this period	Discount amortization	Asat December 31, 2021
20 Huangshi City Investment Bonds (IV Corporate Bonds)	1,800,000,000.00	2020/5/7	7 years	1,800,000,000.00	1,800,000,000.00				1,800,000,000.00
The first issue of the third phase of PPN	1,000,000,000.00	2020/2/24	3 years	1,000,000,000.00	1,000,000,000.00				1,000,000,000.00
Medium-term Notes 2021 First Issue	1,000,000,000.00	2021/1/28	3 years	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00
19 Cihu High-tech MTN02	1,000,000,000.00	2019/12/26	3+2 years	1,000,000,000.00	986,503,472.28			1,173,611.05	987,677,083.33
21 Cihu High-tech MTN001	800,000,000.00	2021/5/19	2 years	800,000,000.00		800,000,000.00		-11,934,666.67	788,065,333.33
21 Cihu High-tech MTN002	800,000,000.00	2021/6/10	2 years	800,000,000.00		800,000,000.00		-12,680,583.33	787,319,416.67
16 Cihu High-tech Bond01	1,500,000,000.00	2016/6/8	7 years	1,500,000,000.00	900,000,000.00		300,000,000.00		600,000,000.00
21 Cihu High-tech PPN01A	550,000,000.00	2021/8/25	3 years	550,000,000.00		550,000,000.00		-28,262,182.01	521,737,817.99
21 Cihu High-tech PPN01B	550,000,000.00	2021/8/25	5 years	550,000,000.00		550,000,000.00		-30,085,548.59	519,914,451.41
The second issue of the third issue of PPN	500,000,000.00	2020/4/23	3 years	500,000,000.00	500,000,000.00				500,000,000.00
Third issue of PPN	500,000,000.00	2020/8/17	3 years	500,000,000.00	500,000,000.00				500,000,000.00

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2020	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2021
20HuangshicityInvestmentMTN001(EverbrightBank)	500,000,000.00	2020/7/31	3years	500,000,000.00	500,000,000.00				500,000,000.00
CityInvestmentPhase1DebtFinancingPlan	500,000,000.00	2020/8/27	1year	500,000,000.00	499,000,000.00				499,000,000.00
20Cihuhigh-techPPN	500,000,000.00	2020/10/23	3years	500,000,000.00	497,166,666.67			1,000,000.00	498,166,666.67
20Yimin01	450,000,000.00	2020/7/17	3+2years	450,000,000.00	446,172,750.00			850,500.00	447,023,250.00
DebtFinancingPlan(Huaxia)No.6interestPayment	400,000,000.00	2020/3/6	3+2years	400,000,000.00	400,000,000.00				400,000,000.00
2020ThrdDebtFinancingPlan(Huaxia)	400,000,000.00	2020/10/14	3years	400,000,000.00	400,000,000.00				400,000,000.00
The third issue of PPN	350,000,000.00	2018/2/9	5years	350,000,000.00	350,000,000.00				350,000,000.00
20Yimin02	340,000,000.00	2020/9/24	3+2years	340,000,000.00	337,001,200.00			642,600.00	337,643,800.00
16Cihuhigh-techDebt02	700,000,000.00	2016/6/8	7years	700,000,000.00	420,000,000.00		140,000,000.00		280,000,000.00
21Yimin01	210,000,000.00	2021/7/16	2years	210,000,000.00		210,000,000.00		-1,571,062.50	208,428,937.50
2020SecondDebtFinancingPlan(Huaxia)	200,000,000.00	2020/6/1	1year	200,000,000.00	200,000,000.00				200,000,000.00
21Cihuhigh-techMTN003	200,000,000.00	2021/10/19	2years	200,000,000.00		200,000,000.00		-3,916,062.50	196,083,937.50
21Cihuhigh-techPPN02	200,000,000.00	2021/9/28	3years	200,000,000.00		200,000,000.00		-10,608,678.29	189,391,321.71
20Cihuhigh-techCP001	1,000,000,000.00	2020/5/22	1year	1,000,000,000.00	999,239,583.33		1,000,000,000.00	760,416.67	
15HuangChengtou	1,500,000,000.00	2015/4/29	7years	1,500,000,000.00	600,000,000.00		600,000,000.00		
The first issue of PPN	500,000,000.00	2017/5/26	5years	500,000,000.00	500,000,000.00		500,000,000.00		
Phase I PPN 1st issue	1,000,000,000.00	2017/8/31	5years	1,000,000,000.00	820,000,000.00		820,000,000.00		
Phase I PPN 3rd issue	500,000,000.00	2018/11/28	2years	500,000,000.00	500,000,000.00		500,000,000.00		

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2020	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2021
20HuangshicityinvestmentMTN002(EverbrightBank)	500,000,000.00	2020/9/23	2years	500,000,000.00	500,000,000.00		500,000,000.00		
Medium-term Notes 2019 Issue 1	150,000,000.00	2019/8/16	5years	150,000,000.00	150,000,000.00		150,000,000.00		
Medium-term Notes 2019 Second Issue	750,000,000.00	2019/10/28	5years	750,000,000.00	750,000,000.00		750,000,000.00		
The first phase of debt financing plan 19 years	500,000,000.00	2019/3/28	3years	500,000,000.00	300,000,000.00		300,000,000.00		
21CityinvestmentShort-term Financing Bond Phase 1	1,000,000,000.00	2021/3/10	1year	1,000,000,000.00		1,000,000,000.00	1,000,000,000.00		
13CihuHigh-techDebt02	700,000,000.00	2014/1/21	7years	700,000,000.00	140,000,000.00		140,000,000.00		
20CihuHigh-techCP002	500,000,000.00	2020/8/27	1year	500,000,000.00	499,450,000.00		500,000,000.00	550,000.00	
18CihuHigh-techPPN02	400,000,000.00	2018/6/19	3years	400,000,000.00	398,282,638.89		400,000,000.00	1,717,361.11	
18CihuHigh-techPPN01	400,000,000.00	2018/6/13	3years	400,000,000.00	398,282,638.88		400,000,000.00	1,717,361.12	
20HuangshicityinvestmentProjectHome Debt	500,000,000.00	2020/5/7	7years	500,000,000.00	440,000,000.00				440,000,000.00
21HuangshicityinvestmentPPN001	1,000,000,000.00	2021/1/25	3years	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00
21Huangshicityinvestmentcompanydebt	500,000,000.00	2021/3/30	8years	500,000,000.00		500,000,000.00			500,000,000.00
21HuangshicityinvestmentPPN002	500,000,000.00	2021/4/23	3years	500,000,000.00		500,000,000.00			500,000,000.00
21HuangshicityinvestmentMTN001	1,000,000,000.00	2021/6/3	3years	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00
21HuangshicityinvestmentPPN003	1,500,000,000.00	2021/6/10	3years	1,500,000,000.00		1,500,000,000.00			1,500,000,000.00
Chengfa21corporatebonds	1,200,000,000.00	2021/7/12	7years	1,200,000,000.00		1,200,000,000.00			1,200,000,000.00
21HuangFa01Corporatedebt	1,000,000,000.00	2021/8/18	8years	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2020	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2021
21 Huangshi City Development C P001 (Short-term Financing Bond Phase 1)	1,000,000,000.00	2021/11/17	1 year	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00
16 Hubei Huangshi New Port Phase 1	56,000,000.00	2016/12/28	8 years	70,000,000.00	55,189,620.31		27,603,234.62		27,586,385.69
17 Hubei Huangshi New Port Phase 1	810,000,000.00	2017/3/28	8 years	900,000,000.00	782,860,327.16		349,637,835.00		433,222,492.16
20-Year Huangshi Xingang Corporate Bond	476,811,320.76	2020/5/6	5 years	500,000,000.00	476,415,094.34	6,871,262.63			483,286,356.97
Huangshi Xingang Development Co., Ltd. 2021 Non-public Distribution Company Bonds (First Phase) (21 newly opened 01)	300,000,000.00	2021/11/26	5 years	300,000,000.00		295,861,060.00			295,861,060.00
Huangshi Xingang Development Co., Ltd. 2021 Non-public Distribution Company Bonds (Second Phase) (21 newly opened 02)	500,000,000.00	2021/12/27	5 years	500,000,000.00		493,000,000.00			493,000,000.00
Total	34,692,811,320.76			34,820,000,000.00	18,045,563,991.86	13,805,732,322.63	8,377,241,069.62	-90,646,933.94	23,383,408,310.93

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2021	Issuance in this period	Repayment in this period	Discount amortization	As at December 31, 2022
15 Huang Chengtuo	1,500,000,000.00	2015/4/29	7 years	1,500,000,000.00	300,000,000.00		300,000,000.00		
16 Non-public targetted debt 02	500,000,000.00	2017/5/26	5 years	500,000,000.00	500,000,000.00		500,000,000.00		

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2021	Issuance in this period	Repayment in this period	Discount amortization	Due within one year amount	As at December 31, 2022
16 Non-public target ed bonds 03	350,000,000.00	2018/2/9	5 years	350,000,000.00	350,000,000.00				350,000,000.00	
17 Non-public target ed debt	1,000,000,000.00	2017/8/31	5 years	1,000,000,000.00	1,000,000,000.00		1,000,000,000.00			
City Investment Phase 1 Debt Financing Plan	500,000,000.00	2018/3/28	5 years	500,000,000.00	499,000,000.00				499,000,000.00	
The first phase of debt financing plan 19 years	500,000,000.00	2019/3/28	3 years	500,000,000.00	100,000,000.00		100,000,000.00			
Medium-term Notes 2019 Issue 1	150,000,000.00	2019/8/16	5 years	150,000,000.00	150,000,000.00		110,000,000.00		40,000,000.00	
Medium-term Notes 2019 Second Issue	750,000,000.00	2019/10/28	3 years	750,000,000.00	750,000,000.00		750,000,000.00			
20 Third Issue PPN 1st Issue	1,000,000,000.00	2020/2/24	3 years	1,000,000,000.00	1,000,000,000.00				1,000,000,000.00	
20 Third Issue PPN 2nd Issue	500,000,000.00	2020/4/23	3 years	500,000,000.00	500,000,000.00				500,000,000.00	
20 Third Issue PPN 3rd Issue	500,000,000.00	2020/8/17	3 years	500,000,000.00	500,000,000.00				500,000,000.00	
20 The first phase of debt financing plan	400,000,000.00	2020/3/6	3+2 years	400,000,000.00	400,000,000.00				400,000,000.00	

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2021	Issuance in this period	Repayment in this period	Discount amortization	Due within one year amount	As at December 31, 2022
20The second phase of the debt financing plan	200,000,000.00	2020/6/1	3years	200,000,000.00	200,000,000.00				200,000,000.00	
20The third phase of debt financing plan	400,000,000.00	2020/10/14	2years	400,000,000.00	400,000,000.00		400,000,000.00			
Huangshi City Investment MTN001	500,000,000.00	2020/7/31	3years	500,000,000.00	500,000,000.00				500,000,000.00	
Huangshi City Investment MTN002	500,000,000.00	2020/9/23	2+1years	500,000,000.00	500,000,000.00				500,000,000.00	
20Huangshi City Investment Bonds (V Corporate Bonds)	1,800,000,000.00	2020/5/7	7years	1,800,000,000.00	1,800,000,000.00				360,000,000.00	1,440,000,000.00
Medium-term Notes 2021 First Issue	1,000,000,000.00	2021/1/28	3years	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00
21City Investment Short-term Financing Bond Phase 1	1,000,000,000.00	2021/3/10	1year	1,000,000,000.00	1,000,000,000.00		1,000,000,000.00			
22Huangshi City Investment PPN001	700,000,000.00	2022/8/23	3years	700,000,000.00		700,000,000.00				700,000,000.00
16Cihu High-tech Bond 01	1,500,000,000.00	2016/6/8	7years	1,500,000,000.00			300,000,000.00		300,000,000.00	
16Cihu High-tech Debt 02	700,000,000.00	2016/6/8	7years	700,000,000.00			140,000,000.00		140,000,000.00	

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	Asat December 31, 2021	Issuance in this period	Repayment in this period	Discount amortization	Due within one year amount	Asat December 31, 2022
19CihuHigh-techMTN02	1,000,000,000.00	2019/12/26	3+2years	1,000,000,000.00	987,677,083.33		162,000,000.00	1,173,611.05		826,850,694.38
20years of Cihu High-tech ppn	500,000,000.00	2020/10/23	3years	500,000,000.00	498,166,666.67		500,000,000.00	1,833,333.33		
21CihuHigh-techCP001	300,000,000.00	2021/4/30	1year	300,000,000.00	299,800,000.00		300,000,000.00	200,000.00		
21CihuHigh-techCP002	200,000,000.00	2021/5/21	1year	200,000,000.00	199,866,666.67		200,000,000.00	133,333.33		
21CihuHigh-techCP003	320,000,000.00	2021/6/17	1year	320,000,000.00	319,680,000.00		320,000,000.00	320,000.00		
21CihuHigh-techCP004	680,000,000.00	2021/8/16	1year	680,000,000.00	679,206,666.67		680,000,000.00	793,333.33		
21CihuHigh-techPPN01A	550,000,000.00	2021/8/25	3years	550,000,000.00	521,737,817.99			10,940,199.49		532,678,017.48
21CihuHigh-techPPN01B	550,000,000.00	2021/8/25	5years	550,000,000.00	519,914,451.41			6,564,119.69		526,478,571.10
21CihuHigh-techPPN02	550,000,000.00	2021/9/28	3years	550,000,000.00	189,391,321.71			3,978,254.36		193,369,576.07
21CihuHigh-techTN001	800,000,000.00	2021/5/19	2years	800,000,000.00	788,065,333.33			8,951,000.00	797,016,333.33	
21CihuHigh-techTN002	800,000,000.00	2021/6/10	2years	800,000,000.00	787,319,416.67			8,951,000.00	796,270,416.67	
21CihuHigh-techTN003	200,000,000.00	2021/10/19	2years	200,000,000.00	196,083,937.50			2,237,750.00	198,321,687.50	

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

BondName	Bookvalue	Issuance date	Bond duration	Issuance amount	AsatDecember31,2021	Issuanceinthisperiod	Repaymentinthisperiod	Discountamortization	Duewithinyear amount	AsatDecember31,2022
22CihuHigh-techCP001	340,000,000.00	2022/4/14	1year	340,000,000.00		340,000,000.00		-2,654,799.00	337,345,201.00	
22CihuHigh-techCP002	500,000,000.00	2022/8/16	1year	500,000,000.00		500,000,000.00		-1,977,525.00	498,022,475.00	
22CihuHigh-techCP003	500,000,000.00	2022/9/20	1year	500,000,000.00		500,000,000.00		-1,992,666.67	498,007,333.33	
22CihuHigh-techCP004	500,000,000.00	2022/10/17	1year	500,000,000.00		500,000,000.00		-1,379,616.67	498,620,383.33	
22CihuHigh-techPPN001	400,000,000.00	2022/12/29	5years	400,000,000.00		400,000,000.00		0.00		400,000,000.00
22CihuHigh-techPPN002	100,000,000.00	2022/12/8	3years	100,000,000.00		100,000,000.00		-240,000.00		99,760,000.00
22CihuHigh-techSCP001	600,000,000.00	2022/6/24	270days	600,000,000.00		600,000,000.00		-4,857,363.33	595,142,636.67	
22CihuHigh-techDebt	1,040,000,000.00	2022/3/10	7years	1,040,000,000.00		1,040,000,000.00		-48,133,214.29		991,866,785.71
22YellowMagnetic01	340,000,000.00	2022/9/19	3years	340,000,000.00		340,000,000.00		-623,333.33		339,376,666.67
20Yimin01	450,000,000.00	2020/7/17	5years	450,000,000.00	447,023,250.00		86,330,965.86	850,500.00		361,542,784.14
20Yimin02	340,000,000.00	2020/9/24	5years	340,000,000.00	337,643,800.00			2,356,200.00		340,000,000.00
21Yimin01	210,000,000.00	2021/7/16	2years	210,000,000.00	208,428,937.50			992,250.00	209,421,187.50	
2020non-publicissuanceofprojectincomdebonds	1,000,000,000.00	2020/12/11	7years	500,000,000.00	500,000,000.00		60,000,000.00		75,000,000.00	365,000,000.00



Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

BondName	Bookvalue	Issuance date	Bond duration	Issuance amount	AsatDecember31,2021	Issuanceinthisperiod	Repaymentinthisperiod	Discountamortization	Duewithinoneyear amount	AsatDecember31,2022
21HuangshiChengfaPPN001	1,000,000,000.00	2021/1/25	3years	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00
21HuangchengfaCompanyDebt001	500,000,000.00	2021/3/30	8years	500,000,000.00	500,000,000.00				60,000,000.00	440,000,000.00
21HuangshiChengfaPPN002	500,000,000.00	2021/4/23	3years	500,000,000.00	500,000,000.00					500,000,000.00
21HuangshiChengfaMTN001	1,000,000,000.00	2021/6/3	3years	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00
21HuangshiChengfaPPN003	1,500,000,000.00	2021/6/10	3years	1,500,000,000.00	1,500,000,000.00					1,500,000,000.00
21HuangchengfaCorporateDebt001	1,200,000,000.00	2021/7/12	7years	1,200,000,000.00	1,200,000,000.00					1,200,000,000.00
21HuangFa01CorporateDebt	1,000,000,000.00	2021/8/18	8years	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00
21HuangshiChengfaCP001ShortFinancePhase1	1,000,000,000.00	2021/11/17	1year	1,000,000,000.00	1,000,000,000.00		1,000,000,000.00			
22HuangshiChengfaCorporateDebt01	1,000,000,000.00	2022/1/19	7years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00
22HuangshiChengfaMTN001	1,000,000,000.00	2022/2/24	3years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00
22HuangshiChengfaCP001ShortFinancePhase1	1,000,000,000.00	2022/2/18	1year	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00	

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

BondName	Bookvalue	Issuance date	Bond duration	Issuance amount	AsatDecember31,2021	Issuanceinthisperiod	Repaymentinthisperiod	Discountamortization	Duewithinoneyear amount	AsatDecember31,2022
22HuangshiChengfaCP002ShortFinancePhase1	1,000,000,000.00	2022/2/25	1year	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00	
22HuangshiChengfaCorporateDebt02	1,000,000,000.00	2022/3/16	7years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00
22HuangshiChengfaMTN002	1,000,000,000.00	2022/3/18	3years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00
22HuangFa01CorporateDebt	600,000,000.00	2022/5/26	7years	600,000,000.00		600,000,000.00				600,000,000.00
22HuangshiChengfaPPN001	2,000,000,000.00	2022/6/12	5years	2,000,000,000.00		2,000,000,000.00				2,000,000,000.00
22HuangshiChengfaPPN002	1,000,000,000.00	2022/7/22	5years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00
22HuangFa03Corporatebonds	400,000,000.00	2022/6/20	7years	400,000,000.00		400,000,000.00				400,000,000.00
22HuangFaD1short-termcorporatebonds	1,300,000,000.00	2022/8/30	1year	1,300,000,000.00		1,300,000,000.00			1,300,000,000.00	0.00
22HuangshiChengfaCP003ShortFinancePhase3	1,000,000,000.00	2022/9/23	1year	1,000,000,000.00		1,000,000,000.00			1,000,000,000.00	
22HuangshiChengfaMTN003	1,000,000,000.00	2022/10/12	3years	1,000,000,000.00		1,000,000,000.00				1,000,000,000.00

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Bond Name	Book value	Issuance date	Bond duration	Issuance amount	As at December 31, 2021	Issuance in this period	Repayment in this period	Discount amortization	Due within one year amount	As at December 31, 2022
16 Hubei Huangshi New Port Phase 1	56,000,000.00	2016/12/28	8 years	70,000,000.00	41,586,385.69		14,000,000.00	184,513.54	14,000,000.00	13,770,899.23
17 Hubei Huangshi New Port Phase 1	810,000,000.00	2017/3/28	8 years	900,000,000.00	613,222,492.16		180,000,000.00	7,073,964.29	180,000,000.00	260,296,456.45
20-Year Huangshi Xingang Corporate Bond	476,811,320.76	2020/5/6	5 years	500,000,000.00	483,286,356.97			4,757,413.46		488,043,770.43
Huangshi Xingang Development Co., Ltd. 2021 non-public issuance (first phase) (line newly opened 01)	300,000,000.00	2021/11/26	5 years	300,000,000.00	295,861,060.00			760,442.82		296,621,502.82
Huangshi Xingang Development Co., Ltd. 2021 non-public issuance (second phase) (line newly opened 02)	500,000,000.00	2021/12/27	5 years	500,000,000.00	493,000,000.00			1,260,221.44		494,260,221.44
Interest to be paid					15,781,690.59		15,781,690.59			
Total	51,862,811,320.76			51,490,000,000.00	29,451,743,334.86	18,320,000,000.00	8,118,112,656.45	2,452,921.84	14,346,167,654.33	25,309,915,945.92

5.3.3 Other long-term payables

Nature of payment	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Loans from government bonds, trusts, etc	239,623,495.71	441,343,495.71	257,720,000.00
Nursery 16-year rental income amortization	47,925,150.00	47,925,150.00	48,000,000.00
Finance lease	2,010,805,828.76	6,268,984,678.59	7,669,391,772.69
After-sales maintenance fee for household watches	210,040,491.39	175,368,240.05	194,755,103.21
Two types of social funds	10,000,000.00	10,445,000.00	12,000,000.00
Parking lot project			336,481.17
China Agricultural Development Key Construction Fund	52,500,000.00	55,000,000.00	55,000,000.00
Guokai Development Fund Co., Ltd.	126,048,669.63	126,048,669.63	150,775,421.25
Jiaoyin International Trust Co., Ltd.		5,100,000.00	5,100,000.00
Treasury bond replacement funds	2,185,829,957.40	2,734,438,000.00	652,938,000.00
Asset Securitization			464,500,000.00
Installment purchase of bus payment		195,115.12	6,184,677.10
Special project payables	513,248,221.79	482,058,366.26	489,608,921.10
Total	5,396,021,814.68	10,346,906,715.36	10,006,310,376.52

Including: special payables

Item	As at December 31, 2019	Increase in this period	Decrease in this period	As at December 31, 2020
Shed reform funds	262,730,000.00			262,730,000.00
Soil pollution prevention and control special project funds	87,227,691.39	40,155,753.14		127,383,444.53
Sewage treatment plant upgrade project	12,000,000.00			12,000,000.00
Iron mountain reclamation projects special project		367,677.61		367,677.61
Waste water infrastructure special project funds	52,103,691.63	376,241.53		52,479,933.16

Item	Asat December 31, 2019	Increase in this period	Decrease in this period	Asat December 31, 2020
Qingshan Lake Qinggang Lake Ecological Restoration Project	767,612.81			767,612.81
Tailwater Pipe Network Reconstruction Project of Qingshan Lake and Huahu Sewage Treatment Plant	15,271,077.51	18,609,175.48		33,880,252.99
Total	430,100,073.34	59,508,847.76		489,608,921.10

Item	Asat December 31, 2020	Increase in this period	Decrease in this period	Asat December 31, 2021
Wastewater infrastructure special projects	52,479,933.16	254,639.31		52,734,572.47
Soil pollution prevention and control special projects	127,383,444.53	87,483.46	7,525,000.00	119,945,927.99
Sewage treatment plant upgrade project	12,000,000.00			12,000,000.00
Tailwater Pipe Network Reconstruction Project of Qingshan Lake and Huahu Sewage Treatment Plant	34,647,865.80			34,647,865.80
Shed reform funds	262,730,000.00			262,730,000.00
Iron mountain reclamation projects special project	367,677.61	27,760,000.00	28,127,677.61	
Total	489,608,921.10	28,102,122.77	35,652,677.61	482,058,366.26

Item	Asat December 31, 2021	Increase in this period	Decrease in this period	Asat December 31, 2022
Wastewater infrastructure special projects	52,734,572.47	142,902.28		52,877,474.75
Soil pollution prevention and control special projects	119,945,927.99	53,095,968.72	40,057,702.01	132,984,194.70
Sewage treatment plant upgrade project	12,000,000.00			12,000,000.00
Tailwater Pipe Network Reconstruction Project of Qingshan Lake and Huahu Sewage Treatment Plant	34,647,865.80	18,008,686.54		52,656,552.34

Shelter for project location	262,730,000.00		262,730,000.00
Total	482,058,366.26	71,247,557.54	513,248,221.79

#### 5.34 Paid-in capital

Investor	Asat December 31, 2022		Asat December 31, 2021		Asat December 31, 2020	
	Number	Bookvalue	Number	Bookvalue	Number	Bookvalue
State-owned Assets Supervision and Administration Commission of Huangshi People's Government		1,500,000,000.00		1,500,000,000.00		1,500,000,000.00

#### 5.35 Other equity instruments

Financial instruments issued	Asat December 31, 2020		Increase in this period		Decrease in this year		Asat December 31, 2021	
	Number	Bookvalue	Number	Bookvalue	Number	Bookvalue	Number	Bookvalue
18 Cihu High-tech MTN001	4,500,000.00	447,300,000.00			4,500,000.00	447,300,000.00		
19 Cihu High-tech MTN002	3,000,000.00	298,200,000.00					3,000,000.00	298,200,000.00
Total	7,500,000.00	745,500,000.00			4,500,000.00	447,300,000.00	3,000,000.00	298,200,000.00

Financial instruments issued	Asat December 31, 2021		Increase in this period		Decrease in this year		Asat December 31, 2022	
	Number	Bookvalue	Number	Bookvalue	Number	Bookvalue	Number	Bookvalue
19 Cihu High-tech MTN002	3,000,000.00	298,200,000.00			3,000,000.00	298,200,000.00		
Total	3,000,000.00	298,200,000.00			3,000,000.00	298,200,000.00		

5.3.6 Capital reserves

Category	As at December 31, 2020	Increase in this period	Decrease in this period	As at December 31, 2021
Appropriation transfer	4,615,651,318.00			4,615,651,318.00
Other capital reserves	24,817,518,212.76	2,948,449,615.37		27,765,967,828.13
Total	29,433,169,530.76	2,948,449,615.37		32,381,619,146.13

Category	As at December 31, 2021	Increase in this period	Decrease in this period	As at December 31, 2022
Appropriation transfer	4,615,651,318.00			4,615,651,318.00
Other capital reserves	27,765,967,828.13	2,612,269,856.63	926,344,184.90	29,451,893,499.86
Total	32,381,619,146.13	2,612,269,856.63	926,344,184.90	34,067,544,817.86

5.3.7 Other comprehensive income

Item	As at December 31, 2020	Amount in this period				As at December 31, 2020
		Amount before income tax in this period	Less: the amount included in other comprehensive income in prior periods and transferred to current profit or loss	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Other comprehensive income reclassified to profit or loss	463,989,279.00					463,989,279.00
Including: the difference between the fair value and the carrying value of the conversion date of non-investment real estate into investment real estate	463,989,279.00					463,989,279.00
Total other comprehensive income	463,989,279.00					463,989,279.00

Item	Asat December 31, 2021	Amount in this period					Asat December 31, 2021
		Amount before income tax in this period	Less: the amount included in other comprehensive income in prior periods and transferred to current profit or loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Other comprehensive income reclassified to profit or loss Including: the difference between the fair value and the carrying value of the conversion of non-investment real estate into investment real estate	463,989,279.00						463,989,279.00
Total other comprehensive income	463,989,279.00						463,989,279.00

Item	Asat December 31, 2022	Amount in this period					Asat December 31, 2022
		Amount before income tax in this period	Less: the amount included in other comprehensive income in prior periods and transferred to current profit or loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Other comprehensive income reclassified to profit or loss Including: the difference between the fair value and the carrying value of the conversion of non-investment real estate into investment real estate	463,989,279.00	7,985,805.43			7,985,805.43		471,975,084.43
Total other comprehensive income	463,989,279.00	7,985,805.43			7,985,805.43		471,975,084.43



5.3.8 Retained earnings

Item	As at December 31, 2022	
	Amount	Withdrawal or distribution proportion
Retained earnings as at the end of the previous period before the adjustment	7,895,964,832.50	
Adjustment total undistributed profits as at the beginning of the period (+ for increase and - for decrease)		
Undistributed profits as at the beginning of the period after adjustment	7,895,964,832.50	
Plus: Net profit attributable to owners of the parent company in this period	600,440,579.21	
Less: Withdrawal of statutory surplus reserves	2,786,731.80	10%
Ordinary share dividends payable	53,800,000.00	
Undistributed profits as at the end of the period	8,439,818,679.91	
Item	As at December 31, 2021	
	Amount	Withdrawal or distribution proportion
Retained earnings as at the end of the previous period before the adjustment	7,432,207,618.12	
Adjustment total undistributed profits as at the beginning of the period (+ for increase and - for decrease)	-124,514,502.66	
Undistributed profits as at the beginning of the period after adjustment	7,307,693,115.46	
Plus: Net profit attributable to owners of the parent company in this period	655,175,525.68	
Less: Withdrawal of statutory surplus reserves	8,553,808.64	10%
Ordinary share dividends payable	58,350,000.00	
Undistributed profits as at the end of the period	7,895,964,832.50	

Note: The adjustment to fund distributed profits as at the beginning of the period is a retrospective adjustment to the beginning of the period by the company's accounting policy changes in accordance with the provision of the

ew financial instrument standards.

Item	As at December 31, 2020	
	Amount	Withdrawal or distribution proportion
Retained earnings at the end of the previous period before the adjustment	7,001,565,271.23	
Adjustment to total undistributed profit as at the beginning of the period (+ for increase and - for decrease)		
Undistributed profit as at the beginning of the period after adjustment	7,001,565,271.23	
Plus: Net profit attributable to owners of the parent company in this period	511,157,785.55	
Less: Withdrawal of statutory surplus reserves	3,035,438.66	
Ordinary share dividend payable	77,480,000.00	
Undistributed profit as at the end of the period	7,432,207,618.12	

### 5.3.9 Operating income and operating costs

Item	2022			2021			2020		
	Income	Costs		Income	Costs		Income	Costs	
Project trusted construction	2,161,939,710.77	1,728,440,302.18		1,820,758,124.56	1,345,264,791.59		2,106,669,187.87	1,653,821,365.13	
Land consolidation business	930,760,000.00	277,459,738.82		755,340,000.00	157,045,247.70		501,130,000.00	152,834,233.49	
Bus operation	136,855,506.45	267,220,639.31		138,226,629.84	268,251,649.36		98,364,306.38	199,877,742.28	
Water sale	163,144,357.45	179,131,076.51		151,061,731.29	168,939,554.58		124,376,670.96	119,571,455.43	
Tap water installation				20,236,616.37	7,074,232.77		1,356,079.42		
Housesale	992,360,282.76	1,003,727,383.03		600,716,078.87	549,789,928.11				

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Item	2022		2021		2020	
	Income	Costs	Income	Costs	Income	Costs
Renthouse	68,805,888.66	45,089,723.11	54,956,438.18	23,489,530.67	31,246,028.85	25,423,177.01
Sewagetreatment	35,816,883.41	24,327,956.76	50,827,445.63	34,681,766.48	29,023,620.48	16,463,481.77
ProjectManagement	250,663,618.03	214,932,581.28	436,802,285.05	381,699,446.36	482,766,101.72	247,593,814.68
Heatingrevenue	24,764,391.41	29,556,873.36	20,868,134.05	22,876,654.20	21,203,556.47	25,761,699.55
Advertisingrevenue			16,322,019.35	21,012,276.67	16,801,304.81	13,407,883.90
Medicalincome	526,255,992.76	449,777,918.77	509,533,221.25	431,792,876.63	442,462,770.73	391,643,217.70
Incomefromprovidingp ropertyservices	44,964,117.72	38,756,074.86	1,370,663.08	861,616.62	16,703,063.69	14,000,557.79
Repaircost	17,568,840.37	15,738,210.26	18,651,411.51	16,400,772.90	11,305,015.13	10,378,200.88
Chargingfeeincome	10,599,245.44	9,560,270.19	10,760,874.87	9,833,113.61	7,008,880.09	5,786,344.63
Drivingtraining	1,489,919.73	1,425,651.87	2,686,868.19	1,776,166.92	1,825,398.98	1,525,751.11
Projectsettleme ntincome	188,870,254.69	174,312,565.52	137,354,003.39	133,254,074.38	199,226,465.89	183,970,853.09
Salesofsteelandtrade	382,491,203.33	374,768,547.26	531,921,557.59	485,793,421.74	367,414,875.84	362,893,296.19
Repurchasehouseproj ect			346,693,523.81	256,647,826.68	93,608,238.10	73,558,500.00
Propertydecorationand renovation			115,197,630.31	104,285,118.89	165,068,794.46	162,688,077.04
Amusementrevenue	9,873,641.03	4,420,796.59	30,115,352.38	19,941,242.73	15,448,547.73	8,500,601.78
Otherincome	8,130,227.31	3,934,171.56	12,445,179.36	16,039,020.37	34,868,369.54	15,789,115.04
Total	5,955,354,081.32	4,842,580,481.24	5,782,845,788.93	4,456,750,329.96	4,767,877,277.14	3,685,489,368.49

5.40 Financial expenses

Item	2022	2021	2020
Interest expenses	85,859,154.06	93,361,403.16	110,849,437.23
Less: interest income	37,613,793.67	21,562,528.29	14,253,373.26
Handling charges expenses	977,753.87	3,508,043.49	1,619,501.91
Others	235,132.44	292,075.15	108,456.08
Total	49,458,246.70	75,598,993.51	98,324,021.96

5.41 Other income

Item	2022	2021	2020	Related assets/related income
Post-stabilization subsidy	1,292,077.35	1,869,338.57	1,463,237.32	Related income
Bus subsidy	85,902,680.18	88,681,633.88	86,363,827.72	Related income
Urban Investment Subsidy	2,102,811.61	9,274,997.14	7,382,899.00	Related income
Innovation reward	70,000.00	930,000.00	251,011.97	Related income
Land subsidy amortization	1,264,621.56	1,264,621.56		Related income
Medical income subsidy	11,252,783.58	9,158,937.94	28,822,194.92	Related income
Wastewater treatment plant operating capital subsidy	5,495,730.50			Related income
"Shrimp and Rice Co-cropping" Bonus	100,000.00		61,180.00	Related income
Subsidies for infrastructure building projects		28,312,526.87	120,000,000.00	Related income
COVID-19 epidemic prevention and control subsidy	1,500,000.00	100,000.00	10,650,000.00	Related income
Cement Museum operating expenses			990,000.00	Related income
Subsidies for planting rice			61,180.00	Related income

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Item	2022	2021	2020	Related assets/related income
Tax refund	276,623.01	111,495.20	65,299.60	Related income
Huangshi Finance Bureau Reward	1,956,324.74		70,000.00	Related income
Housing construction and low-rent housing subsidies		16,200,000.00		Related income
Park Management Committee Development Fund Subsidy	169,939,988.26	100,000,000.00		Related income
Financial subsidy for resettlement housing in Jinpen Community		27,870,000.00		Related income
Total	281,153,640.79	283,773,551.16	256,180,830.53	Related income

#### 5.42 Investment income

Category	2022	2020	2020
Long-term equity investment income calculated under the equity method	54,348,445.46	65,929,512.92	41,951,262.66
Investment income acquired during the period when the available-for-sale financial assets are held	12,102,443.99	14,647,850.49	9,438,192.60
Investment gain from disposal of long-term equity investments	-159,571.11	7,321,697.06	
Investment income acquired from disposal of the available-for-sale financial assets		106,490.41	500,173.88
Others	5,593.55		645,248.96
Total	66,296,911.89	88,005,550.88	52,534,878.10

#### 5.43 Gains from changes in fair value

Sources of gains from changes in fair value	2022	2021	2020
Investment property measured at fair value		-1,301,769.00	266,347.00
Gains and losses from changes in fair value of financial products			326,353.42
Total		-1,301,769.00	592,700.42

#### 5.44 Credit impairment losses

Item	2022	2021
Accounts receivable	-77,352,680.43	-53,661,545.55
Other receivables	-92,773,252.39	-58,915,114.08
Total	-170,125,932.82	-112,576,659.63

#### 5.45 Losses from assets impairment

Item	2022	2021	2020
Loss from bad debts			-58,819,121.59
Loss on inventory decline		2,011.94	
Total		2,011.94	-58,819,121.59

#### 5.46 Income from asset disposal

Item	2022	2021	2020
Disposal gains or losses arising from the disposal of fixed and intangible assets not classified as held for sale	25,847,385.69	495,399.89	-4,418,071.19

Item	2022	2021	2020
Total	25,847,385.69	495,399.89	-4,418,071.19

#### 5.47 Non-operating income

##### 1. Non-operating income by item

Item	2022	2021	2020
Governmentsubsidiesnotrelatedto dailyactivities	47,937,712.89	5,047,259.24	22,394,009.80
Epidemicsubsidy			20,946,086.62
Incomefromfines	325,517.36	1,068,358.70	7,538,261.29
Gainsoninventoryprofit			6,792,411.83
Others	4,273,420.27	5,971,933.75	3,273,880.64
Total	52,536,650.52	12,087,551.69	60,944,650.18

#### 5.48 Non-operating expenses

Item	2022	2021	2020
Donationsmade	763,800.00	1,368,493.03	4,638,619.27
Epidemicexpenditure			19,318,354.86
Inventorylosses			4,290,375.18
Latefee	498,967.43	2,260,013.57	454,565.79
Fineexpenditure	126,987.50	1,711,706.21	1,375,156.17
Non-currentassetscraploss	198,343.14	284,792.32	
Others	7,892,645.19	1,921,347.89	4,532,403.42
Total	9,480,743.26	7,546,353.02	34,609,474.69

#### 5.49 Income tax expense

Item	2022	2021	2020
Currentincometaxcalculatedaccordingto the tax law and relevant provisions	131,780,555.17	213,574,045.64	111,418,318.03
Deferred tax expense	-18,139,587.08	-20,717,377.97	66,586.75
Total	113,640,968.09	192,856,667.67	111,484,904.78

#### 5.50 Supplementary information to the statement of cash flows

##### 5.50.1. Supplementary information to the statement of cash flows

Item	2022	2021	2020
1. Net profit adjusted to cash flows from operating activities			
Net profits	661,763,680.59	733,598,589.71	551,974,048.36
Plus: Credit impairment loss	170,125,932.82	112,576,659.63	
Provision of assets impairment		-2,011.94	58,819,121.59
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	292,181,091.31	319,434,234.22	314,120,349.25
Amortization of user rights assets	1,576,967.71	4,003,668.05	
Amortization of intangible assets	15,049,006.49	22,101,356.07	14,956,669.10
Amortization of long-term deferred expenses	6,815,742.43	9,743,521.49	17,848,177.41
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-25,847,385.69	-495,399.89	4,418,071.19
Losses on write-off of fixed assets ("-" for gains)	198,343.14	284,792.32	
Losses from changes in fair value ("-" for gains)		1,301,769.00	-592,700.42
Financial expenses ("-" for gains)	85,859,154.06	93,361,403.16	110,849,437.23
Investment losses ("-" for gains)	-66,296,911.89	-88,005,550.88	-52,534,878.10
Decreases in deferred tax assets ("-" for increases)	-18,139,587.08	-20,391,935.72	
Increase in deferred tax liabilities ("-" for decreases)		-325,442.25	66,586.75
Decreases in inventories ("-" for increases)	-4,691,331,558.68	-4,092,711,929.30	-3,141,149,600.06
Decreases in operating receivables ("-" for increases)	-647,655,210.33	-1,530,672,346.84	-2,071,658,282.88
Increases in operating payables ("-" for decreases)	4,223,181,093.26	4,436,432,907.80	4,001,564,791.63
Others			
Net cash flows from operating activities	7,480,358.14	234,284.63	-191,318,208.95
2. Significant investing and financing activities not involving cash inflows and outflows			
Transfer of debts into capital			
Convertible corporate bonds maturing within 1 year			
Financing leased fixed assets			
3. Net change in cash and cash equivalents			
Ending balance of cash	9,757,179,730.27	9,879,021,735.18	8,653,680,843.87
Less: beginning balance of cash	9,879,021,735.18	8,653,680,843.87	6,108,798,730.66
Plus: ending balance of cash equivalents			
Less: beginning balance of cash equivalents			
Net increase in cash and cash equivalents	-121,842,004.91	1,225,340,891.31	2,544,882,113.21

#### 5.50.2. Cash and cash equivalents

Item	2021	2020	2019
I. Cash	9,757,179,730.27	9,879,021,735.18	8,653,680,843.87
Including: cash on hand	249,561.30	246,381.70	257,232.24
Bank deposits that can be used for payment at any time	9,756,930,168.97	9,878,775,353.48	8,653,423,611.63



Item	2021	2020	2019
Funds in other currencies that can be used for payment at any time			
II. Cash equivalents			
III. Ending balance of cash and cash equivalents	9,757,179,730.27	9,879,021,735.18	8,653,680,843.87
Including: cash and cash equivalents restricted in use of the parent company or subsidiaries of the Group			

#### 5.5.1 Assets with restrictions on the ownership or right of use

Item	Book value as at the end of period	Reason for restriction
Money Funds	1,358,485,652.91	For time deposit, security deposit and time deposit
Inventory	6,782,146,962.66	Apply for mortgage loans and external guarantee mortgages
Fixed assets	64,812,468.93	Take out mortgage
Construction in progress	3,266,203,245.40	Apply for financial lease mortgage
Accounts receivable	361,219,778.13	Apply for pledged loan
Other equity instruments	172,000,000.00	Project construction pledge
Intangible assets	266,384,710.68	Take out mortgage
Total	12,271,252,818.71	

#### 6. Interests in other entities

##### 6.1 Interests in subsidiaries

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Xingang Development Co., Ltd.	Huangshi	Huangshi	Huangshi New Port (Logistics) Industrial Park infrastructure building; cargo storage; investment in port-related projects; real estate development	51.00	transfer
Huangshi Xingang Resources Investment and Operation Co., Ltd.	Huangshi	Huangshi	Development and utilization of renewable resources, site research, ecological restoration and development of agricultural and forestry fields and polluted soils, exploration and development investment of mineral resources	100.00	transfer
Huangshi Xingang Cultural Tourism Development Co., Ltd.	Huangshi	Huangshi	Cultural tourism project development, construction, operation and management	100.00	transfer
Huangshi Xingang Ecological Agriculture Co., Ltd.	Huangshi	Huangshi	Ecological agricultural product planting and breeding; aquatic product breeding, seedling cultivation; processing, transportation, storage, packaging, acquisition, and sales services of aquatic products, fishery products, and agricultural sideline products	100.00	transfer
Hubei Xingang Technology Entrepreneurship Park Co., Ltd.	Huangshi	Huangshi	Science and technology enterprise incubation, high-tech achievement transformation; investment management; science and technology park development and management	100.00	transfer
Hubei Xingang Gangwu Co., Ltd.	Huangshi	Huangshi	Port engineering development, construction and consulting services; leasing and maintenance services for port machinery, facilities and equipment.	100.00	transfer

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Xingang Sanzhou Environmental Protection Co., Ltd.	Huangshi	Huangshi	Wastewater treatment and management; development of water pollution control projects; development of river, lake and water resources environmental management projects.	100.00	transfer
Huangshi Xingang Water Engineering Construction Co., Ltd.	Huangshi	Huangshi	Water industry construction, design, construction, management.	100.00	transfer
Huangshi Xingang Huajun Urban and Rural Construction Engineering Maintenance Co., Ltd.	Huangshi	Huangshi	Urban roads, infrastructure maintenance, repair, urban sewage discharge, rainwater discharge, greening, street lamps, roads, bridges, squares and other municipal facilities maintenance.	60.00	transfer
Huangshi Xingang Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development; urban infrastructure building.	100.00	transfer
Huangshi Xingang Environmental Protection and Cleaning Service Co., Ltd.	Huangshi	Huangshi	Cleaning services; Environmental engineering; Municipal landscape engineering; Green maintenance; Public facilities cleaning.	100.00	transfer
Hubei Xinlu Yuanlin Co., Ltd.	Huangshi	Huangshi	Landscape engineering construction; landscaping maintenance, flower seedlings production and operation, municipal engineering, landscape lighting engineering construction and related technical consultation.	100.00	transfer
Huangshi Xingang Hengheng Ecological Agriculture Technology Co., Ltd.	Huangshi	Huangshi	Agricultural investment and development; cultivation and sales of crops, forests, flowers, Camellia oleifera, and tea; sales of poultry, livestock, and aquaculture; agricultural tourism; processing and sales of agricultural products, native products, and agricultural sideline products; research and development of new agricultural technologies.	100.00	transfer
Huangshi Gangxin Urban Maintenance and Construction Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Hubei Rongqin Construction Engineering Co., Ltd.	Huangshi	Huangshi	Housing construction industry	100.00	investment establishment
Hubei Xinjiayuan Ecological Agriculture Technology Co., Ltd.	Huangshi	Huangshi	Aquaculture; import and export of aquatic seeds	51.00	investment establishment
Hubei Edong Medical Care Group Co., Ltd.	Huangshi	Huangshi	Invest in and manage medical institutions and elderly care service institutions.	100.00	investment establishment
Huangshi Er Hospital Co., Ltd.	Huangshi	Huangshi	Medical service	100.00	investment establishment
Huangshi Fourth Hospital Co., Ltd.	Huangshi	Huangshi	Medical service	100.00	investment establishment
Huangshi Fanghua Elderly Care Service Co., Ltd.	Huangshi	Huangshi	Elderly care services; maintenance services for the elderly and the disabled; health examination services; nursing services; medical consultation services	60.00	investment establishment
Huangshi Fifth Hospital Co., Ltd.	Huangshi	Huangshi	Medical service	100.00	investment establishment
Sinopharm Holdings Edong Medical Care (Hubei) Pharmaceutical Co., Ltd.	Huangshi	Huangshi	Wholesale and retail of proprietary Chinese medicines, Chinese medicine decoction pieces, chemical raw materials, chemical medicines, antibiotic preparations, antibiotic raw materials, medical toxic medicines, etc	69.00	investment establishment
Hubei Edong Yiliang Group Property Services Co., Ltd.	Huangshi	Huangshi	Property Services	51.00	investment establishment
Hubei Yiyang Jia Kangyan Industrial Development Co., Ltd.	Huangshi	Huangshi	Elderly services; elderly care; housekeeping services; health consultation, software development; health checkups; sales of health foods, prepackaged foods, fitness equipment	100.00	investment establishment
Huangshi Yiyang Rehabilitation Nursing Home Co., Ltd.	Huangshi	Huangshi	Department of Rehabilitation Medicine; Internal Medicine; Hospice; Medical Laboratory, etc	56.00	investment establishment

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Shi Shiwu Ye Hospital Co., Ltd.	Huangshi	Huangshi	Medical institution	100.00	transfer
Hubei Edong Medical Care Group Education Technology Co., Ltd.	Huangshi	Huangshi	Educational information consultation	100.00	investment establishment
Huangshi Railway Construction Investment Co., Ltd.	Huangshi	Huangshi	Investment, construction, renovation and operation management of railways and other rail transit projects; railway freight transportation	100.00	investment establishment
Huangshi Urban Rail Transit Operation Co., Ltd.	Huangshi	Huangshi	Urban public transportation	100.00	investment establishment
Huangshi Chengfa Energy Co., Ltd.	Huangshi	Huangshi	Manufacturing and sales of steam, cold water, hot water, and domestic hot water; construction, consulting, design, maintenance, and repair services for thermal projects	100.00	investment establishment
Huangshi Chengfa Heating Joint Stock Company	Huangshi	Huangshi	Manufacturing and sales of steam, cold water, hot water and domestic hot water; construction, consulting, design, maintenance and repair services of thermal projects; manufacturing and sales of other thermal pipe network equipment, thermal end point equipment and hot water supply equipment	87.50	purchase
Huangshi Chengfa Kuaiyi Chong New Energy Co., Ltd.	Huangshi	Huangshi	New energy vehicle charging infrastructure building, maintenance and sales; new energy vehicle charging and cleaning beauty services; new energy vehicle charging technology development, consultation, transfer and advertising design, production, agency and release	100.00	investment establishment
Huangshi Cihu Wenjing Tourism Investment Co., Ltd.	Huangshi	Huangshi	Tourism project investment, construction, and operation	100.00	investment establishment
Huangshi Chengrui Real Estate Development Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengfa Engineering Consulting Co., Ltd.	Huangshi	Huangshi	Engineering cost consulting business; engineering management services; bidding agency services	100.00	investment establishment
Huangshi Chengfa Construction Co., Ltd.	Huangshi	Huangshi	Construction engineering, municipal public works, waterproof, anti-corrosion and thermal insulation engineering, steel structure engineering, templates scaffolding, building decoration and decoration engineering, building curtain wall engineering, ancient building engineering, urban and road lighting engineering, environmental protection engineering, special professional engineering, landscaping engineering	100.00	investment establishment
Huangshi Chengfa Construction Engineering Group Co., Ltd.	Huangshi	Huangshi	The proportion of municipal financial capital investment accounts for more than 50% of the construction of engineering projects; urban investment project construction	100.00	transfer
Huangshi Zhengxing Construction Engineering Design Review Co., Ltd.	Huangshi	Huangshi	Review of construction map design documents	100.00	transfer
Huangshi Chengjia Real Estate Development Co., Ltd.	Huangshi	Huangshi	Real estate development and sales; market management services; project management services; parking services; site leasing	100.00	investment establishment
Huangshi Chengfa Ecological Agriculture Development Co., Ltd.	Huangshi	Huangshi	Production, processing, operation and sales of agricultural sideline products and local specialties	85.00	investment establishment
Huangshi Chengfa Education Management Co., Ltd.	Huangshi	Huangshi	Educational management consulting (excluding education and training); educational software development, technology promotion, technology transfer, technical consultation, and technical services; literary and artistic creation	100.00	investment establishment
Huangshi Chengfa Xinqidian Education and Training School Co., Ltd.	Huangshi	Huangshi	Non-academic training; educational consulting services; catering management; catering services	100.00	investment establishment

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Chengfa Trading Co., Ltd.	Huangshi	Huangshi	Online and brick and mortar stores sell building materials, motorcycle accessories, machinery and equipment, computer hardware and software and accessories, labor protection supplies, office equipment, stationery, hygiene products, daily general merchandise, handicrafts, etc	100.00	investment establishment
Huangshi Qifeng Trading Co., Ltd.	Huangshi	Huangshi	Sales of building materials; site leasing; real estate development and sales; warehousing services (excluding hazardous chemicals); loading and unloading services; recycling and sales of renewable resources	100.00	investment establishment
Huangshi Nixiangyuan Wenlu Development Co., Ltd.	Huangshi	Huangshi	Tourism project development	80.00	investment establishment
Huangshi Zhujiazui Trading Co., Ltd.	Huangshi	Huangshi	Sales of cultural goods, handicrafts (excluding ivory and its products), toys, general merchandise.	100.00	investment establishment
Huangshi Urban Development Investment Group (Wuhan) Co., Ltd.	Huangshi	Huangshi	Investment and management of medical and elderly care service institutions, municipal engineering, and education industries; operation and management of cultural industry parks	100.00	investment establishment
Hubei Huashi Kudong Sports Culture Media Co., Ltd.	Huangshi	Huangshi	Sport event organization and planning	100.00	investment establishment
Hubei Dongchu Huachuang Trading Co., Ltd.	Huangshi	Huangshi	Commercial operation; retail of tobacco products; technology import and export; import and export of goods; import and export agency	100.00	investment establishment
Hubei Chengfa Design Consulting Group Co., Ltd.	Huangshi	Huangshi	Planning and design consultation	100.00	investment establishment
Huangshi Chengfa Mining Co., Ltd.	Huangshi	Huangshi	Mineral resources exploration; mining of mineral resources (non-coal mines)	100.00	investment establishment
Huangshi Wenlu Children's Amusement Development Co., Ltd.	Huangshi	Huangshi	Children's play services; cultural and artistic exchange, planning	100.00	transfer
Huangshi Chengfa Zhatu Transportation Co., Ltd.	Huangshi	Huangshi	Residue transportation; general freight; earthwork engineering; pile foundation engineering; house demolition services; machinery leasing; labor subcontracting (excluding labor dispatch)	100.00	investment establishment
Huangshi Chengfa Zhihui Logistics Co., Ltd.	Huangshi	Huangshi	General freight; large goods transportation services; freight forwarding services; freight information consulting services	51.00	investment establishment
Huangshi Urban Construction Investment and Development Co., Ltd.	Huangshi	Huangshi	Land development and operation, authorized operation and management of state-owned assets, public resource concessions (including sewage treatment) entrusted by the government, urban infrastructure, public utilities, basic industry construction, local railway operation and management, trusteeship of the municipal people's government capital construction fund, enterprises, industries and project financing, shareholding, investment, consulting services within the city (involving financial trust and investment projects shall be implemented according to special project regulations); real estate development; sales of building materials, decorative materials, machinery and equipment; housing leasing, site leasing; property management	100.00	investment establishment
Huangshi Cihu High-tech Development Company	Huangshi	Huangshi	Asset management	100.00	investment establishment
Huangshi Water Supply Co., Ltd.	Huangshi	Huangshi	Water production and sales	100.00	investment establishment
Huangshi Huitong Agricultural and Sideline Products Investment Co., Ltd.	Huangshi	Huangshi	Planting and circulation of agricultural products, rural infrastructure building and agricultural comprehensive development	100.00	investment establishment
Huangshi Environmental Investment Co., Ltd.	Huangshi	Huangshi	Urban environmental governance project investment	100.00	investment establishment

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Zhongcheng Construction Engineering Project Management Co., Ltd.	Huangshi	Huangshi	Construction project management; invited tender bidding agency services	100.00	investment establishment
Huangshi Chengshi Public Transport Group Co., Ltd.	Huangshi	Huangshi	Urban bus operation	100.00	investment establishment
Huangshi Chengfa Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and sales; property management	100.00	investment establishment
Huangshi Local Railway Co., Ltd.	Huangshi	Huangshi	Local railway development, construction and renovation	100.00	investment establishment
Huangshi State-owned Assets Operation and Management Center of Administrative Institutions	Huangshi	Huangshi	Supervision and management of state-owned assets in municipal administrative institutions	100.00	investment establishment
Huangshi Urban Development Investment Group Asset Management Co., Ltd.	Huangshi	Huangshi	Enterprise management; corporate headquarters management; investment activities with equity funds	100.00	investment establishment
Huangshi Chengfa Land Asset Operation and Management Co., Ltd.	Huangshi	Huangshi	Land consolidation and infrastructure supporting project construction	100.00	investment establishment
Huangshi Chengfa Parking Management Co., Ltd.	Huangshi	Huangshi	Parking services; parking management; construction, comprehensive development and operation management of public parking lots	100.00	investment establishment
Huangshi Chengfa Property Management Co., Ltd.	Huangshi	Huangshi	Property management; warehousing services (excluding dangerous goods); parking management; fitness services; elderly care services; decoration; housekeeping services	100.00	investment establishment
Huangshi Chenghe Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development; commercial housing sales; property management; parking services	100.00	investment establishment
Huangshi Chengxiang Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and sales; property management; parking services; general freight	100.00	investment establishment
Huangshi Chengfa Cailife Property Services Co., Ltd.	Huangshi	Huangshi	Property services; washing services; parking services; cleaning services; housekeeping services; water and electricity installation	51.00	investment establishment
Huangshi Chengfa Security Services Co., Ltd.	Huangshi	Huangshi	Security service	100.00	investment establishment
Huangshi Chengfa Park Operation Management Co., Ltd.	Huangshi	Huangshi	Shantytown transformation, investment and management in the land industry	100.00	investment establishment
Huangshi City Public Transport Group Tongyun Taxi Co., Ltd.	Huangshi	Huangshi	Taxi passenger transportation, car rental, rental; car beauty services; auto parts retail	53.66	investment establishment
Huangshi Bus Xin Travel Agency Co., Ltd.	Huangshi	Huangshi	Domestic travel with tickets; selling tour tickets; car rental; tourist passenger transportation	100.00	investment establishment
Huangshi City Public Transport Group Tongcheng Property Management Co., Ltd.	Huangshi	Huangshi	Property management; retail building materials, hardware, chemical products (excluding dangerous goods), general merchandise	100.00	investment establishment
Huangshi City Public Transport Group Tongyun Travel Agency Co., Ltd.	Huangshi	Huangshi	Domestic tourism; tourism services; tour ticket sales; car rental; tourist passenger transportation	100.00	investment establishment
Huangshi Tongmao Bus Driver Training Co., Ltd.	Huangshi	Huangshi	Driving training (limited to branch operations), car rental, car decoration; wholesale and retail auto parts	100.00	investment establishment
Huangshi Tongsheng Automotive Repair Co., Ltd.	Huangshi	Huangshi	Auto repair; General freight; Wholesale and retail auto parts; Electronic equipment installation and maintenance; Car beauty decoration	100.00	investment establishment
Huangshi Huantou Waste Water Treatment Co., Ltd.	Huangshi	Huangshi	Construction, operation, maintenance and management of sewage facilities; construction and maintenance of sewage pipe network projects; housing leasing and site leasing	100.00	investment establishment

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Chengshi Drainage Co., Ltd.	Huangshi	Huangshi	Responsible for the operation, maintenance and warranty of urban drainage facilities; municipal construction engineering construction; pipeline network engineering construction and maintenance warranty	100.00	investment establishment
Huangshi Huantou Recycled Building Materials Technology Co., Ltd.	Huangshi	Huangshi	Production, processing and sales of building materials, comprehensive treatment of tailings and slag, recycling, technology research and development and related products; asphalt, concrete mixing, processing and sales; housing site leasing; construction steel sales	100.00	investment establishment
Huangshi Chengfa Environmental Detection Technology Co., Ltd.	Huangshi	Huangshi	Environmental protection monitoring; software development; water conservancy related consulting services	100.00	investment establishment
Huangshi Ruiyuan Water Quality Testing Co., Ltd.	Huangshi	Huangshi	Water quality analysis and testing and related technical consultation and services; water product testing; water pollution monitoring services	100.00	investment establishment
Hubei Yayuan Municipal Design Co., Ltd.	Huangshi	Huangshi	Municipal planning and design; road, pipeline network, water supply and drainage engineering design; urban water supply and drainage technology consulting services	100.00	investment establishment
Hubei Hongyuan Water Industry Development Co., Ltd.	Huangshi	Huangshi	Sales, installation and maintenance of supply and drainage equipment, facilities and accessories; calibration and maintenance of measuring instruments	100.00	investment establishment
Huangshi Lishui Construction Engineering Co., Ltd.	Huangshi	Huangshi	Water supply and drainage engineering installation and maintenance	100.00	investment establishment
Huangshi Yimin Investment Co., Ltd.	Huangshi	Huangshi	Investment and management of urban and rural infrastructure buildings, real estate development, property services	100.00	investment establishment
Hubei Huangjinshan Science and Technology Park Investment Co., Ltd.	Huangshi	Huangshi	Science and technology park infrastructure building project investment, investment, operation management	100.00	investment establishment
Huangshi Jinhe Urban Transportation Group Co., Ltd.	Huangshi	Huangshi	Urban public transportation	100.00	investment establishment
Huangshi Zhihui Laser Industrial Park Co., Ltd.	Huangshi	Huangshi	Industrial park development and construction, business operations management, housing leasing	100.00	investment establishment
Huangshi Chengwen Derun Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengfa Hotel Management Co., Ltd.	Huangshi	Huangshi	Hotel Management, Catering Management, Conference and Exhibition Services, Ticket Agency Services	100.00	investment establishment
Hubei Environmental Restoration and Treatment Technology Research Co., Ltd.	Huangshi	Huangshi	Engineering and technology research and experimental development; environmental consulting services; soil pollution control and remediation services	57.89	investment establishment
Huangshi Chengfa Business Operations Management Group Co., Ltd.	Huangshi	Huangshi	Park management services, commercial complex management services	100.00	investment establishment
Huangshi Cihu Tourism Development Co., Ltd.	Huangshi	Huangshi	Tourism development project planning consultation	100.00	investment establishment
Huangshi Chengfa Green Building Materials Co., Ltd.	Huangshi	Huangshi	Sales of building materials	100.00	investment establishment
Huangshi Urban Renewal Industry Development Group Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengtuo Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengjing Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Chengxuan Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengyu Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengxu Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengjin Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengzhuo Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengtai Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengtu Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengxun Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengxie Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Chengzhang Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Cansen Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Zhushang Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Jiawangsi Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Huangshi Xingang Development Co., Ltd.	Huangshi	Huangshi	Huangshi New Port (Logistics) Industrial Park infrastructure building; cargo storage; investment in port-related projects; real estate development	51.00	transfer
Huangshi Xingang Resources Investment and Operation Co., Ltd.	Huangshi	Huangshi	Development and utilization of renewable resources, site research, ecological restoration and development of agricultural and forestry fields and polluted soils, exploration and development investment of mineral resources	100.00	transfer
Huangshi Xingang Cultural Tourism Development Co., Ltd.	Huangshi	Huangshi	Cultural tourism project development, construction, operation and management	100.00	transfer
Huangshi Xingang Ecological Agriculture Co., Ltd.	Huangshi	Huangshi	Ecological agricultural product planting and breeding; aquatic product breeding, seedling cultivation; processing, transportation, storage, packaging, acquisition, and sales services of aquatic products, fishery products, and agricultural lands sideline products	100.00	transfer
Hubei Xingang Technology Entrepreneurship Park Co., Ltd.	Huangshi	Huangshi	Science and technology enterprise incubation, high-tech achievement transformation; investment management; science and technology park development and management	100.00	transfer
Hubei Xingang Gangwu Co., Ltd.	Huangshi	Huangshi	Port engineering development, construction and consulting services; leasing and maintenance services for port machinery, facilities and equipment	100.00	transfer
Huangshi Xingang Sanzhou Environmental Protection Co., Ltd.	Huangshi	Huangshi	Wastewater treatment and management; development of water pollution control projects; development of river, lake, and water resources environmental management projects	100.00	transfer
Huangshi Xingang Water Engineering Construction Co., Ltd.	Huangshi	Huangshi	Water industry construction, design, construction, operation and management	100.00	transfer
Huangshi Xingang Huajun Urban and Rural Construction Engineering Maintenance Co., Ltd.	Huangshi	Huangshi	Urban roads, infrastructure maintenance, repair, urban sewage discharge, rainwater discharge, greening, street lamps, roads, bridges, squares and other municipal facilities maintenance	60.00	transfer
Huangshi Xingang Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate development; urban infrastructure building	100.00	transfer

Name of subsidiaries	Registration place	Main place of business	Business nature	Shareholding ratio (%)	Acquisition Method
Huangshi Xingang Environmental Protection and Cleaning Service Co., Ltd.	Huangshi	Huangshi	Cleaning services; environmental protection engineering; municipal landscape engineering; green ing maintenance; public facilities cleaning	100.00	transfer
Hubei Xinlu Yuanlin Co., Ltd.	Huangshi	Huangshi	Landscape engineering construction; landscaping maintenance, flower seedling production and operation, municipal engineering, landscape lighting engineering construction and related technical consultation	100.00	transfer
Huangshi Xingang Hengheng Ecological Agriculture Technology Co., Ltd.	Huangshi	Huangshi	Agricultural investment and development; cultivation and sales of crops, forests, flowers, Camellia oleifera, and tea; sales of poultry, livestock, and aquaculture; agricultural tourism; processing and sales of agricultural products, native products, and agricultural sideline products; research and development of new agricultural technologies	100.00	transfer
Huangshi Gangxin Urban Maintenance and Construction Co., Ltd.	Huangshi	Huangshi	Real estate development and operation	100.00	investment establishment
Hubei Rongqin Construction Engineering Co., Ltd.	Huangshi	Huangshi	housing construction industry	100.00	investment establishment
Hubei Xinjiayuan Ecological Agriculture Technology Co., Ltd.	Huangshi	Huangshi	Aquaculture; import and export of aquatic seeds	51.00	investment establishment
Hubei Edong Medical Care Group Co., Ltd.	Huangshi	Huangshi	Invest in and manage medical institutions and elderly care service institutions.	100.00	investment establishment
Huangshi Er Hospital Co., Ltd.	Huangshi	Huangshi	Medical service	100.00	investment establishment
Huangshi Fourth Hospital Co., Ltd.	Huangshi	Huangshi	Medical service	100.00	investment establishment
Huangshi Fanghua Elderly Care Service Co., Ltd.	Huangshi	Huangshi	Elderly care services; maintenance services for the elderly and the disabled; health examination services; nursing services; medical consultation services	60.00	investment establishment

## 6.2 Interests in a joint venture or associated enterprise

Name	Main place of business	Registration place	Business nature	Shareholding ratio (%)	Accounting Treatment of investments
Huangshi China National Petroleum Corporation Kunlun Chengtou Gas Co., Ltd.	Huangshi	Huangshi	Gas supply	20.00	Equity method
Huangshi Zhongan Motor Vehicle Inspection Co., Ltd.	Huangshi	Huangshi	Technical inspection	40.00	Equity method
Huangshi Jing Weida Optoelectronic Technology Co., Ltd.	Huangshi	Huangshi	Manufacturing	35.00	Equity method
Hubei Changrui Construction Investment Co., Ltd.	Huangshi	Huangshi	Construction investment	40.83	Equity method
Huangshi Huantou Land Renewable Energy Co., Ltd.	Huangshi	Huangshi	Environmental protection industry	30.00	Equity method
Huangshi Shengxiang Tongye Co., Ltd.	Huangshi	Huangshi	Non-ferrous metals	20.00	Equity method
Hubei Zhongkun Technology Joint Stock Company	Huangshi	Huangshi	Computer software development	35.00	Equity method
Huangshi Yiyang Medical Testing Co., Ltd.	Huangshi	Huangshi	Medical test	49.00	Equity method
Huangshi High-tech Industrial Investment Co., Ltd.	Huangshi	Huangshi	High-tech industrial investment	26.00	Equity method



Name	Main place of business	Registration place	Business nature	Shareholding ratio (%)	Accounting Treatment of investments
Yangxin County Construction Engineering Quality Inspection Center Xingang Sales Department	Huangshi	Huangshi	Engineering quality inspection	40.00	Equity method
Huangshi Shijie Chengxin Street Real Estate Co., Ltd.	Huangshi	Huangshi	Real estate	30.00	Equity method
Huaxin Environmental Engineering (Huangshi) Co., Ltd.	Huangshi	Huangshi	Environmental Engineering	30.00	Equity method
Huangshi Huaxin Green Building Materials Industry Co., Ltd.	Huangshi	Huangshi	Building materials industry	20.00	Equity method
Hubei Zhengtong Smart City Technology Co., Ltd.	Huangshi	Huangshi	Technology promotion and application services	45.00	Equity method
Huangshi Xingang Engineering Construction Co., Ltd.	Huangshi	Huangshi	Infrastructure building	49.00	Equity method
Huangshi Xingyuan Comprehensive Energy Service Co., Ltd.	Huangshi	Huangshi	Electricity, heat production and supply industries	30.00	Equity method
Huaxin Gangcheng Building Materials (Huangshi) Co., Ltd.	Huangshi	Huangshi	Non-metallic mineral products industry	49.00	Equity method
Huangshi Cultural Tourism Investment Group Co., Ltd.	Huangshi	Huangshi	Cultural tourism project investment	28.64	Equity method

## 7. Relationship and transactions with related parties

### 7.1 Controlling shareholder of the Company

Name of controlling shareholder	Registration place	Business nature	Shareholding ratio of the controlling shareholder in the Company (%)	Voting ratio of the controlling shareholder in the Company (%)
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Huangshi	State-owned assets supervision	100.00	100.00

### 7.2 Subsidiaries and associates of the Company

For details, please refer to this Note 6. Equity in other entities.

## 8. Commitments and Contingencies

The Company's external guarantees are as follows:

S/N	Guarantee	Guaranteed person	Guaranteed amount	Whether the guarantee has been fulfilled
1	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Gangtong Logistics Development Co., Ltd.	200,000,000.00	none
2	Huangshi Yimin Investment Co., Ltd.	Huangshi Zhongbang Jiye Development and Construction Co., Ltd.	1,000,000,000.00	none
3	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Jingkai Investment Mining Co., Ltd.	406,500,000.00	none

S/N	Guarantee	Guaranteed person	Guaranteed amount	Whether the guarantee has been fulfilled
4	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi HanYeping Construction Engineering Co., Ltd.	10,000,000.00	none
5	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Jiaotou Building Materials Co., Ltd.	80,000,000.00	none
6	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Jingkai Investment Development Co., Ltd.	320,000,000.00	none
7	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Tieshan Investment Development Co., Ltd.	10,000,000.00	none
8	Huangshi Cihu High-tech Development Co., Ltd.	Hubei Guangliang New Energy Industry Investment Co., Ltd.	504,000,000.00	none
9	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi State-owned Assets Management Co., Ltd.	50,000,000.00	none
10	Huangshi Cihu High-tech Development Co., Ltd.	Huangshi Jiaotong Investment Group Co., Ltd.	178,000,000.00	none
11	Huangshi Urban Construction Investment and Development Co., Ltd.	Huangshi Jiaotong Investment Group Co., Ltd.	506,000,000.00	none
12	Huangshi Urban Construction Investment and Development Co., Ltd.	Huangshi Zhongbang Housing Investment Co., Ltd.	100,000,000.00	none
13	Huangshi Xingang Development Co., Ltd.	Huangshi State-owned Assets Management Co., Ltd.	100,000,000.00	none
14	Huangshi Xingang Development Co., Ltd.	Huangshi Chengxin Asset Management Co., Ltd.	3,060,000.00	none
15	Huangshi Urban Development Investment Group Co., Ltd.	Huangshi State-owned Assets Management Co., Ltd.	622,000,000.00	none
	Total		4,089,560,000.00	

#### 9. Events after the balance sheet date

None.

#### 10. Notes to the main items of the parent company's financial statements

##### 10.1 Other receivables

Category	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Other receivables	18,742,343,955.52	13,927,965,040.03	5,673,091,526.79
Less: provision for bad debts	559,002.87	448,801.80	67,280.70
Total	18,741,784,952.65	13,927,516,238.23	5,673,024,246.09

##### 10.1.1 Other receivables (applicable to the new Financial Instrument Standards)

###### 10.1.1.1 Aging analysis of other receivables

Aging	As at December 31, 2022		As at December 31, 2021	
	Book balance	Ratio (%)	Book balance	Ratio (%)
Within 1 year	18,740,183,955.52	99.99	11,124,105,920.67	79.87
1-2 years			2,803,859,119.36	20.13

Aging	AsatDecember31,2022		AsatDecember31,2021	
	Bookbalance	Ratio(%)	Bookbalance	Ratio(%)
2-3years	2,160,000.00	0.01		
合计	18,742,343,955.52	100.00	13,927,965,040.03	100.00

#### 10.1.1.2Provisionforbaddebts

Theallowanceforcreditlosses	Stageone	Stagetwo	Stagethree	Total
	12-monthECL	LifetimeEC L(credit-unimpaired)	LifetimeEC L(credit-impaired)	
Balanceasat1/1/2021	67,280.70			67,280.70
Reversalduringtheyear	381,521.10			381,521.10
Balanceasat31/12/2021	448,801.80			448,801.80

Theallowanceforcreditlosses	Stageone	Stagetwo	Stagethree	Total
	12-monthECL	LifetimeEC L(credit-unimpaired)	LifetimeEC L(credit-impaired)	
Balanceasat1/1/2022	448,801.80			448,801.80
Reversalduringtheyear	110,201.07			110,201.07
Balanceasat31/12/2022	559,002.87			559,002.87

#### 10.1.2Categoryofotherreceivables(applicabletotheoriginalfinancialInstrumentsCriteria)

Category	AsatDecember31,2020			
	Bookbalance		Provisionforbaddebts	
	Amount	Proportion (%)	Amount	Proportionofprovis ion(%)
Otherreceivablesatareindividuallysignificantandsubje cttoindividualprovisionforbaddebts				
Accountswithinthescopeofconsolidationunderportfolio1	5,650,664,626.79	99.60		
Otherreceivableswithprovisionforbaddebtsunderportfoli o2	22,426,900.00	0.40	67,280.70	0.30
Total	5,673,091,526.79	100.00	67,280.70	

#### Otherreceivableswiththeprovisionforbaddebtsunderportfolio2

Aging	AsatDecember31,2020	
	Amount	Ratio(%)
Within1year(including1year)	22,426,900.00	100.00
Total	22,426,900.00	100.00
Less:provisionforbaddebts	67,280.70	
Netamountofotherreceivables	22,359,619.30	

#### 10.1.3Top5ofotherreceivablesintermsofendingbalancesbydebtors

Debtor	Nature	Bookbalance	Aging	Provisionforbaddebts
HuangshiUrbanConstructionInvestmentandDevelopmentCo.,Ltd.	Currentaccount	15,777,162,517.56	Within1year	
HubeiZhongrenEducationTechnologyCo.,Ltd.	Currentaccount	815,468,467.75	Within1year	
HuangshiZhongchengConstructionEngineeringProjectManagementCo.,Ltd.	Currentaccount	500,000,000.00	Within1year	
HuangshiHuitongAgriculturalandSidelineProductsInvestmentCo.,Ltd.	Currentaccount	500,000,000.00	Within1year	
HuangshiXingangDevelopmentCo.,Ltd.	Currentaccount	377,920,000.00	Within1year	
Total	—	17,970,550,985.31	—	

## 10.2 Long-term equity investments

### 10.2.1. Classification

Item	January1,2020	Increaseinthisyear	Decreaseinthisyear	December31,2020
Investmentinsubsidiaries	35,893,603,834.99	113,374,815.00	303,539,710.55	35,703,438,939.44
Investmentinassociates	54,201,454.97	100,045,142.61		154,246,597.58
Sub-total	35,947,805,289.96	213,419,957.61	303,539,710.55	35,857,685,537.02
Less:provisionforimpairmentoflong-term equity investments				
Total	35,947,805,289.96	213,419,957.61	303,539,710.55	35,857,685,537.02

Item	January1,2021	Increaseinthisyear	Decreaseinthisyear	December31,2021
Investmentinsubsidiaries	35,703,438,939.44	21,000,000.00	122,330,577.95	35,602,108,361.49
Investmentinassociates	154,246,597.58	100,440,356.48		254,686,954.06
Sub-total	35,857,685,537.02	121,440,356.48	122,330,577.95	35,856,795,315.55
Less:provisionforimpairmentoflong-term equity investments				
Total	35,857,685,537.02	121,440,356.48	122,330,577.95	35,856,795,315.55

Item	January1,2022	Increaseinthisyear	Decreaseinthisyear	December31,2022
Investmentinsubsidiaries	35,602,108,361.49	9,000,000.00	500,000,000.00	35,111,108,361.49
Investmentinassociates	254,686,954.06	343,332,944.14		598,019,898.20
Sub-total	35,856,795,315.55	352,332,944.14	500,000,000.00	35,709,128,259.69
Less:provisionforimpairmentoflong-term equity investments				
Total	35,856,795,315.55	352,332,944.14	500,000,000.00	35,709,128,259.69

### 10.2.2. Investment subsidiaries

Investee	Asat December 31, 2019	Increase in this period	Decrease in this period	Asat December 31, 2020
Huangshi Chengfa Energy Co., Ltd.	72,330,577.95			72,330,577.95
Huangshi Yiyang Investment Co., Ltd.	50,000,000.00			50,000,000.00
Huangshi Chengfa Construction Co., Ltd.	100,822,939.94	70,000,000.00		170,822,939.94
Huangshi Railway Construction Investment Co., Ltd.	691,583,730.00			691,583,730.00
Huangshi Wenhua Tourism Investment Co., Ltd.	773,939,621.23		273,939,621.23	500,000,000.00
Hubei Edong Medical Care Group Co., Ltd.	234,726,950.42	14,354,815.00		249,081,765.42
Huangshi Urban Construction Investment and Development Company	30,896,331,195.98			30,896,331,195.98
Huangshi Chengfa Ecological Agriculture Development Co., Ltd.	4,250,000.00			4,250,000.00
Huangshi Nixiangyuan Wenlu Development Co., Ltd.	3,000,000.00			3,000,000.00
Huangshi Chengfa Trading Co., Ltd.	50,000,000.00			50,000,000.00
Huangshi Chengfa Zhatu Transportation Co., Ltd.	7,000,000.00	5,000,000.00		12,000,000.00
Huangshi Urban Development Investment Group (Wuhan) Co., Ltd.	60,000,000.00	20,000,000.00		80,000,000.00
Huangshi Linkong High-tech Industrial Park Co., Ltd.		3,000,000.00		3,000,000.00
Huangshi Chengfa Zhihui Logistics Co., Ltd.		1,020,000.00		1,020,000.00
Huangshi Xingang Development Co., Ltd.	2,949,618,819.47		29,600,089.32	2,920,018,730.15
Total	35,893,603,834.99	113,374,815.00	303,539,710.55	35,703,438,939.44

Investee	Asat December 31, 2020	Increase in this period	Decrease in this period	Asat December 31, 2021
Huangshi Chengfa Energy Co., Ltd.	72,330,577.95		72,330,577.95	
Huangshi Yiyang Investment Co., Ltd.	50,000,000.00		50,000,000.00	
Huangshi Chengfa Construction Co., Ltd.	170,822,939.94			170,822,939.94
Huangshi Railway Construction Investment Co., Ltd.	691,583,730.00			691,583,730.00
Huangshi Wenhua Tourism Investment Co., Ltd.	500,000,000.00			500,000,000.00
Hubei Edong Medical Care Group Co., Ltd.	249,081,765.42			249,081,765.42
Huangshi Urban Construction Investment and Development Company	30,896,331,195.98			30,896,331,195.98
Huangshi Chengfa Ecological Agriculture Development Co., Ltd.	4,250,000.00			4,250,000.00
Huangshi Nixiangyuan Wenlu Development Co., Ltd.	3,000,000.00			3,000,000.00

Huangshi Urban Development Investment Group Co., Ltd.  
Notes to the Financial Statements  
January 1, 2020-December 31, 2022

Investee	Asat December 31, 2020	Increase in this period	Decrease in this period	Asat December 31, 2021
Huangshi Chengfa Trading Co., Ltd.	50,000,000.00			50,000,000.00
Huangshi Chengfa Zhatu Transportation Co., Ltd.	12,000,000.00			12,000,000.00
Huangshi Urban Development Investment Group (Wuhan) Co., Ltd.	80,000,000.00			80,000,000.00
Huangshi Linkong High-tech Industrial Park Co., Ltd.	3,000,000.00			3,000,000.00
Huangshi Chengfa Zhihui Logistics Co., Ltd.	1,020,000.00			1,020,000.00
Huangshi Xingang Development Co., Ltd.	2,920,018,730.15			2,920,018,730.15
Huangshi Chengfa Green Building Materials Co., Ltd.		21,000,000.00		21,000,000.00
Total	35,703,438,939.44	21,000,000.00	122,330,577.95	35,602,108,361.49

Investee	Asat December 31, 2021	Increase in this period	Decrease in this period	Asat December 31, 2022
Huangshi Chengfa Construction Co., Ltd.	170,822,939.94			170,822,939.94
Huangshi Railway Construction Investment Co., Ltd.	691,583,730.00			691,583,730.00
Huangshi Wenhua Tourism Investment Co., Ltd.	500,000,000.00		500,000,000.00	0.00
Hubei Edong Medical Care Group Co., Ltd.	249,081,765.42			249,081,765.42
Huangshi Urban Construction Investment and Development Company	30,896,331,195.98			30,896,331,195.98
Huangshi Chengfa Ecological Agriculture Development Co., Ltd.	4,250,000.00			4,250,000.00
Huangshi Nixiangyuan Wenlu Development Co., Ltd.	3,000,000.00			3,000,000.00
Huangshi Chengfa Trading Co., Ltd.	50,000,000.00			50,000,000.00
Huangshi Chengfa Zhatu Transportation Co., Ltd.	12,000,000.00			12,000,000.00
Huangshi Urban Development Investment Group (Wuhan) Co., Ltd.	80,000,000.00			80,000,000.00
Huangshi Linkong High-tech Industrial Park Co., Ltd.	3,000,000.00			3,000,000.00
Huangshi Chengfa Zhihui Logistics Co., Ltd.	1,020,000.00			1,020,000.00
Huangshi Xingang Development Co., Ltd.	2,920,018,730.15			2,920,018,730.15
Huangshi Chengfa Green Building Materials Co., Ltd.	21,000,000.00	9,000,000.00		30,000,000.00
Total	35,602,108,361.49	9,000,000.00	500,000,000.00	35,111,108,361.49

10.2.3 Investment in associates

Investment unit	As at December 31, 2019	Increase/decrease in this period						As at December 31, 2020	Balance of provision for impairment at the end of the period
		Additional investment	Reduction in investment	Profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared and distributed		
Hubei Edong Zhicheng Technology Co., Ltd.	4,173,459.70			2,841.95				4,176,301.65	
Huangshi Huaxin Green Building Materials Industry Co., Ltd.		100,000,000.00					100,000,000.00		
Huangshi High-tech Industrial Investment Co., Ltd.	50,027,995.27			42,300.66			50,070,295.93		
Total	54,201,454.97	100,000,000.00		45,142.61			154,246,597.58		

Investment unit	As at December 31, 2020	Increase/decrease in this period						As at December 31, 2021	Balance of provision for impairment at the end of the period
		Additional investment	Reduction in investment	Profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared and distributed		
Hubei Edong Zhicheng Technology Co., Ltd.	4,176,301.65			17,088.30				4,193,389.95	
Huangshi Huaxin Green Building Materials Industry Co., Ltd.	100,000,000.00	100,000,000.00					200,000,000.00		

Investment unit	Asat December 31, 2020	Increase/decrease in this period						Asat December 31, 2021	Balance of provision for impairment as at the end of the period
		Additional investment	Reduction in investment	Profits or losses on investments recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Cash dividends or profits declared and distributed		
Huangshi High-tech Industrial Investment Co., Ltd.	50,070,295.93			423,268.18				50,493,564.11	
Total	154,246,597.58	100,000,000.00		440,356.48				254,686,954.06	

Investment unit	Asat December 31, 2021	Increase/decrease in this period						Asat December 31, 2022	Balance of provision for impairment as at the end of the period
		Additional investment	Reduction in investment	Profits or losses on investments recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Cash dividends or profits declared and distributed		
	4,193,389.95			-194,881.18				3,998,508.77	
Hubei Edong Zhicheng Technology Co., Ltd.	4,193,389.95			-194,881.18				3,998,508.77	
Huangshi Huaxin Green Building Materials Industry Co., Ltd.	200,000,000.00	200,000,000.00		-1,724,554.89				398,275,445.11	
Huangshi High-tech Industrial Investment Co., Ltd.	50,493,564.11			416,248.45				50,909,812.56	
Huangshi Wenhua Tourism Investment Co., Ltd.		149,381,501.43		-12,531,175.10	7,985,805.43			144,836,131.76	
Total	254,686,954.06	349,381,501.43		-14,034,362.72	7,985,805.43			598,019,898.20	



10.3 Investment income

	2022	2021	2020
Source for investment income			
Long-term equity investment income calculated under the equity method	-14,034,362.72	440,356.48	45,142.61
Long-term equity investment income calculated under the cost method	21,352,599.46	35,350,306.10	34,304,828.13
Total	7,318,236.74	35,790,662.58	34,349,970.74



Huangshi Urban Development Investment Group Co., Ltd.  
April 25, 2023



The financial statements and notes to the financial statements from page 1 to page 32 shall be signed by the responsible persons as below:

Legal Representative

陈程  
印正

Chief Accountant

Signed by:

陈念

Chief Finance Officer

Signed by:

胡浩云

Date:

Date:

Date:

## APPENDIX A — FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: POSTAL SAVINGS BANK OF CHINA CO., LTD. HUANGSHI BRANCH (SWIFT: PSBCCNBJ)

ADDRESS: NO. 109, NO. 202 AND NO. 302, BUILDING 3, TIANYU MINGLIU, BAIMA ROAD, XIALU DISTRICT, HUANGSHI CITY, HUBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

TO: CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED, AS BENEFICIARY

3/F, CCB TOWER, 3 CONNAUGHT ROAD CENTRAL, CENTRAL, HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA

OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER]

ISSUING DATE:

RE TRUSTEE AS BENEFICIARY: CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED (THE "**TRUSTEE**", WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE, OR "**YOU**" OR THE "**BENEFICIARY**") (SWIFT: CCBQHKAX, EMAIL ADDRESS: CTA\_CS@ASIA.CCB.COM, AND CTA\_TM@ASIA.CCB.COM) WHOSE ADDRESS AT THE BOND ISSUE DATE (AS DEFINED BELOW) IS AT 3/F, CCB TOWER, 3 CONNAUGHT ROAD CENTRAL, CENTRAL, HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA AND FACSIMILE NUMBER +852 3918 6976 (FACSIMILE TRANSMISSIONS TO BE MARKED TO THE ATTENTION OF TRANSACTION BANKING — CORPORATE TRUST AND LOAN AGENCY) IN ITS CAPACITY AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE "**BONDHOLDERS**") OF THE CNY369,680,000 3.9 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE "**BONDS**"), TO BE ISSUED BY HUANGSHI URBAN DEVELOPMENT INVESTMENT GROUP CO., LTD. (THE "**BOND ISSUER**") AND TO BE CONSTITUTED BY A TRUST DEED DATED ON 7 DECEMBER 2023 (THE "**BOND ISSUE DATE**") BETWEEN THE BOND ISSUER AND THE TRUSTEE, AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME (THE "**TRUST DEED**").

DEAR SIRs,

WE, POSTAL SAVINGS BANK OF CHINA CO., LTD. HUANGSHI BRANCH, ADDRESS AT NO. 109, NO. 202 AND NO. 302, BUILDING 3, TIANYU MINGLIU, BAIMA ROAD, XIALU DISTRICT, HUANGSHI CITY, HUBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (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 BOND 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 AND SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT. 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 (A "**DEMAND**") PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT (A) THE BOND 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 HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION, OR (B) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER IN ACCORDANCE WITH THE CONDITIONS THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE BOND ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 5:30 P.M. (BEIJING TIME) PRESENTED BY YOU IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE THE EXPIRY TIME (AS DEFINED BELOW), WE SHALL BY 10:00 A.M. (BEIJING TIME) ON THE FOURTH BUSINESS DAY (OR IF A DEMAND IS RECEIVED AFTER 5:30 P.M. (BEIJING TIME) ON A BUSINESS DAY, ON THE FIFTH BUSINESS DAY) IMMEDIATELY FOLLOWING THE BUSINESS DAY OF RECEIPT OF SUCH DEMAND, PAY TO OR TO THE ORDER OF, THE TRUSTEE THE AMOUNT IN RENMINBI SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS TO THE ACCOUNT SPECIFIED IN THE DEMAND. “**BUSINESS DAY**” MEANS A DAY (OTHER THAN A SATURDAY OR A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS AND FOREIGN EXCHANGE MARKETS ARE GENERALLY OPEN FOR BUSINESS IN HONG KONG AND BEIJING.

OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN RENMINBI AND SHALL NOT EXCEED CNY383,990,560 IN AGGREGATE (THE “**MAXIMUM LIMIT**”), AN AMOUNT REPRESENTING ONLY (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) CNY7,101,800 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ALL FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS WHICH MAY BE INCURRED BY THE TRUSTEE OR PAYABLE BY THE ISSUER TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE BONDS, THE CONDITIONS, THE TRUST DEED, THE AGENCY AGREEMENT 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 TO THE TRUSTEE IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY THE TRUSTEE IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO THE TRUSTEE’S RIGHTS TO MAKE SUCH DEMAND.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE BOND ISSUE DATE AND SHALL NOT BE PRIOR TO THE ISSUANCE DATE OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT. THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL REMAIN VALID AND IN FULL FORCE UNTIL 5:30 P.M. (BEIJING TIME) ON 3 JANUARY 2027 (THE “**EXPIRY TIME**”), AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK, WHEN ALL OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL CEASE WITH NO FURTHER LIABILITY ON OUR PART EXCEPT FOR ANY DEMAND VALIDLY PRESENTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT BEFORE THE EXPIRY TIME THAT REMAINS UNPAID.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MUST BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT QUOTING FULL WORDING OF YOUR DEMAND PRESENTED BY OR ON BEHALF OF YOU AS TRUSTEE TO US (SWIFT: PSBCCNBJ) 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, YOU (THE TRUSTEE) MAY INSTEAD ARRANGE FOR A DEMAND TO BE PRESENTED VIA EMAIL TRANSMISSION AT 38872799@QQ.COM, AND SUCH DEMAND PRESENTED VIA EMAIL TRANSMISSION SHALL BE SIGNED BY YOU AS TRUSTEE FOR THE BONDHOLDERS. IN THE EVENT OF A PRESENTATION BY EMAIL TRANSMISSION, NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED AT OUR COUNTER. FOR THE

AVOIDANCE OF DOUBT, WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF SWIFT OR EMAIL TRANSMISSION, AS THE CASE MAY BE.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN RENMINBI AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE, UNLESS AND TO THE EXTENT THAT ANY DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE IS REQUIRED BY LAW, IN WHICH CASE, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE FOR ITSELF AND THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW.

THE TRUSTEE'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 FIVE BUSINESS DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE OF THE BONDS BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON BY EMAIL TRANSMISSION TO US AT 38872799@QQ.COM STATING THE NAME OF TRANSFEREE. WE MAY NOT TRANSFER, ASSIGN OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

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.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING WITHOUT LIMITATION, ARTICLE 29 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 YOU WISH 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 YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT (AS SPECIFIED ABOVE), OR BY PRESENTING THE DEMAND VIA EMAIL TRANSMISSION SET OUT ABOVE, FROM THE DATE OF OUR RESUMPTION OF OUR BUSINESS, PROVIDED THAT IF WE ARE CLOSED AT THE EXPIRY TIME FOR ANY REASON, INCLUDING WITHOUT LIMITATION, THE COVID-19 PANDEMIC, SUCH EXPIRY TIME SHALL BE AUTOMATICALLY EXTENDED BY, AND SUCH PRESENTATION SHALL BE MADE WITHIN FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON, VIA EMAIL TRANSMISSION TO YOUR EMAIL ADDRESS SET OUT ABOVE OF THE RESUMPTION OF OUR BUSINESS.

IF ANY PAYMENT BY THE BOND ISSUER OR ANY OTHER PERSON ON THE BOND ISSUER'S BEHALF IS 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), YOU SHALL BE ENTITLED TO RECOVER FROM US SUBSEQUENTLY THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED BY GIVING US A NOTICE IN WRITING VIA EMAIL TRANSMISSION TO OUR EMAIL ADDRESS SET OUT ABOVE. WE SHALL ACCEPT SUCH NOTICE AS CONCLUSIVE EVIDENCE OF THE FACT THAT PAYMENT BY THE BOND ISSUER OR ANY OTHER PERSON ON THE BOND ISSUER'S BEHALF, AS THE CASE MAY BE, HAS BEEN AVOIDED WITHOUT PROOF OF SUCH PAYMENT BEING AVOIDED.

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 ARE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH ENGLISH LAW. NO RIGHTS ARE CONFERRED ON ANY PERSON UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 TO ENFORCE ANY TERM OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, BUT THIS DOES NOT AFFECT ANY RIGHT OR REMEDY OR ANY PERSON WHICH EXISTS OR IS AVAILABLE APART FROM THAT ACT. WE AGREE (A) THAT THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE, CLAIM, DIFFERENCE OR CONTROVERSY THAT MAY ARISE OUT OF, IN RELATION TO OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING ANY DISPUTE AS TO ITS EXISTENCE, VALIDITY, INTERPRETATION, PERFORMANCE, BREACH OR TERMINATION OR THE CONSEQUENCES OF ITS NULLITY AND ANY DISPUTE RELATING TO ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT (A "DISPUTE") AND ACCORDINGLY ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "PROCEEDINGS") MAY BE BROUGHT IN SUCH COURTS, AND (B) IN RELATION TO ANY DISPUTE, TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF HONG KONG AND WAIVE ANY OBJECTION TO PROCEEDINGS IN SUCH COURTS ON THE GROUND OF VENUE OR ON THE GROUND THAT THE PROCEEDINGS HAVE BEEN BROUGHT IN AN INCONVENIENT OR INAPPROPRIATE FORUM TO SETTLE ANY DISPUTE. WE HAVE IRREVOCABLY APPOINTED POSTAL SAVINGS BANK OF CHINA CO., LTD. AT 40/F, DAH SING FINANCIAL CENTRE, 248 QUEEN'S ROAD EAST, WAN CHAI, HONG KONG AS OUR PROCESS AGENT IN HONG KONG TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT IN HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY YOU 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: POSTAL SAVINGS BANK OF CHINA CO., LTD. HUANGSHI BRANCH (SWIFT: PSBCCNBJ)

ADDRESS: NO. 109, NO. 202 AND NO. 302, BUILDING 3, TIANYU MINGLIU, BAIMA ROAD, XIALU DISTRICT, HUANGSHI CITY, HUBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

(DATE: [DATE])

DEAR SIRS

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN RESPECT OF THE CNY369,680,000 3.9 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE "BONDS") (CMU INSTRUMENT NUMBER: BOAKFB23029/ISIN: HK0000968419/COMMON CODE: 272442487) ISSUED BY HUANGSHI URBAN DEVELOPMENT INVESTMENT GROUP CO., LTD. (THE "BOND ISSUER") UNDER THE TRUST DEED ENTERED INTO BETWEEN THE BOND ISSUER AND THE TRUSTEE (AS DEFINED BELOW) DATED 7 DECEMBER 2023 (THE "TRUST DEED").

(THIS DEMAND IS MADE BY)/(THE UNDERSIGNED IS A DULY AUTHORISED SIGNATORY OF) CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED AS TRUSTEE (THE "TRUSTEE") FOR AND ON BEHALF OF ITSELF AND THE HOLDERS OF THE BONDS UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] (THE "IRREVOCABLE STANDBY LETTER OF CREDIT").

1. THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

- (A) THE BOND 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 HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION, AND/OR
- (B) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER IN ACCORDANCE WITH THE CONDITIONS THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

2. WE HEREBY DEMAND THAT AS A RESULT OF THE RELEVANT EVENT SPECIFIED IN PARAGRAPH 1 ABOVE, THAT YOU PAY TO US THE AGGREGATE OF CNY[AMOUNT].

3. WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNT AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE TERMS OF THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4. THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

[ACCOUNT DETAILS]

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
AS THE BENEFICIARY AND TRUSTEE

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_



**ISSUER**

**Huangshi Urban Development Investment Group Co., Ltd.**  
(黃石市城市發展投資集團有限公司)  
No. 28, East Cihu Road  
Huangshi City  
Hubei Province, PRC

**TRUSTEE**

**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

**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  
3 Connaught Road Central  
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**INDEPENDENT AUDITOR**

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