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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your securities broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Central China Securities Co., Ltd., you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, securities broker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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## **Central China Securities Co., Ltd.**

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name "中原证券股份有限公司" and carrying on business in Hong Kong as "中州证券")*

**(Stock Code: 01375)**

**(1) RESOLUTION ON THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION**

**(2) RESOLUTION ON CHANGE OF ACCOUNTING FIRM FOR  
ANNUAL AUDIT FOR 2024**

**(3) RESOLUTION ON THE PURCHASE OF LIABILITY INSURANCE FOR  
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

**(4) RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE  
PROPORTIONAL CAPITAL INCREASE IN HENAN ASSET**

**(5) RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE  
THE TRANSFER OF HENAN ASSET'S EQUITY BY  
HENAN ASSET'S SHAREHOLDERS**

**AND**

**NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING**

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Letter from the Board is set out on pages 4 to 27 of this circular.

The EGM will be held by the Company at 9:30 a.m. on Friday, 27 December 2024 at Conference Room, 17th Floor, Zhongyuan Guangfa Financial Building, No. 10 Shangwu Waihuan Road, Zhengzhou, Henan Province, the PRC. The notice of EGM is set out on pages EGM-1 to EGM-2 of this circular.

The applicable proxy form for the EGM is attached to this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the applicable proxy form in accordance with the instructions printed thereon as soon as possible. In case of holders of H Shares, the proxy form shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event, not less than 24 hours before the time scheduled for holding the EGM or any adjournment thereof (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

5 December 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the expressions below shall have the following meanings assigned:*

“A Share(s)”	domestic listed ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of the Directors of the Company
“Central China Blue Ocean” or “CCBO”	Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Company”	Central China Securities Co., Ltd. (中原證券股份有限公司) (carrying on business in Hong Kong as “中州證券”), a joint stock company incorporated on 8 November 2002 in Henan Province, the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01375) and the Shanghai Stock Exchange (stock code: 601375), respectively
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2024 second extraordinary general meeting of the Company to be convened and held at 9:30 a.m. on Friday, 27 December 2024 at Conference Room, 17th Floor, Zhongyuan Guangfa Financial Building, No. 10 Shangwu Waihuan Road, Zhengzhou, Henan Province, the PRC or any adjournment thereof

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## DEFINITIONS

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“H Share(s)”	overseas listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
“Henan Asset”	Henan Asset Management Co., Ltd. (河南資產管理有限公司), a limited liability company established under the laws of the PRC
“Henan Investment Group”	Henan Investment Group Co., Ltd. (河南投資集團有限公司), a limited liability company established under the laws of the PRC and is the controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	2 December 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“PRC” or “China”	the People’s Republic of China
“RMB”	the lawful currency of the PRC, Renminbi, the basic unit of which is “yuan”
“SDIC Assets”	SDIC Assets Management Co., Ltd. (國投資產管理有限公司), a limited liability company established under the laws of the PRC
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, including A Shares and H Shares

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## DEFINITIONS

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“Shareholder(s)”	the shareholder(s) of the Company
“Zekuan Enterprise Management”	Henan Zekuan Enterprise Management Consulting Partnership (Limited Partnership) (河南擇寬企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC, and a shareholder of Henan Asset

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LETTER FROM THE BOARD

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**Central China Securities Co., Ltd.**

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)*

**(Stock Code: 01375)**

*Executive Director:*

Mr. LU Zhili (*Chairman*)

*Non-executive Directors:*

Mr. LI Xingjia

Ms. ZHANG Qiuyun

Mr. TANG Jin

Mr. TIAN Shengchun

*Independent Non-executive Directors:*

Mr. CHEN Zhiyong

Mr. TSANG Sung

Mr. HE Jun

*Registered Address in the PRC:*

No. 10 Shangwu Waihuan Road

Zhengdong New District

Zhengzhou City, Henan Province

China

*Headquarters/Principal Place of Business  
in the PRC:*

No. 10 Shangwu Waihuan Road

Zhengdong New District

Zhengzhou City, Henan Province

China

*Principal Place of Business in Hong Kong:*

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

5 December 2024

*To the Shareholders*

Dear Sir or Madam,

- (1) RESOLUTION ON THE AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION**
- (2) RESOLUTION ON CHANGE OF ACCOUNTING FIRM FOR  
ANNUAL AUDIT FOR 2024**
- (3) RESOLUTION ON THE PURCHASE OF LIABILITY INSURANCE FOR  
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**
- (4) RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE  
PROPORTIONAL CAPITAL INCREASE IN HENAN ASSET**
- (5) RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE  
THE TRANSFER OF HENAN ASSET'S EQUITY BY  
HENAN ASSET'S SHAREHOLDERS  
AND  
NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

Four ordinary resolutions will be proposed for passing at the EGM: (1) the Resolution on Change of Accounting Firm for Annual Audit for 2024; (2) the Resolution on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management; (3) the Resolution on Central China Blue Ocean to Waive Proportional Capital Increase in Henan Asset; and (4) the Resolution on Central China Blue Ocean to Waive the Transfer of Henan Asset's Equity by Henan Asset's Shareholders; and to propose a special resolution to pass: (5) the Resolution on the Amendments to the Articles of Association.

The purpose of this circular is to provide you with details of the aforementioned matters, and to set out the notice of EGM.

### I. RESOLUTION ON THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION

With the development of the capital market, regulatory authorities are increasingly paying attention to the corporate governance of listed companies. On 31 December 2023, the revised "Hong Kong Listing Rules" officially came into effect, making relevant requirements for the corporate communications by electronic means. In May 2024, the CSRC revised the "Regulations on Strengthening the Supervision of Listed Securities Companies" (《關於加強上市證券公司監管的規定》), which put forward new and higher requirements for corporate governance. In order to comply with regulatory requirements and meet the Company's development needs, the Board resolved to propose the following amendments to the relevant articles in the Articles of Association:

## LETTER FROM THE BOARD

Before amendments	After amendments
<p><b>Article 1</b> These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “<b>PRC</b>”) (the “<b>Company Law</b>”), the Securities Law of the PRC (the “<b>Securities Law</b>”), Special Provisions of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Companies (the “<b>Special Provisions</b>”). Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “<b>Hong Kong Listing Rules</b>”), the Reply of the State Council on Adjusting Provisions on Notice Period of General Meeting and Other Relevant Matters Applicable to Overseas Listed Companies, the Guidelines for the Articles of Association of Listed Companies of the CSRC and other relevant provisions, to safeguard the legal interests of Central China Securities Co., Ltd. (the “<b>Company</b>”), its shareholders and creditors thereof, and to regulate the organization and conduct of the company.</p>	<p><b>Article 1</b> These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “<b>PRC</b>”) (the “<b>Company Law</b>”), the Securities Law of the PRC (the “<b>Securities Law</b>”), <del>Special Provisions of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Companies (the “<b>Special Provisions</b>”).</del> Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “<b>Hong Kong Listing Rules</b>”), <del>the Reply of the State Council on Adjusting Provisions on Notice Period of General Meeting and Other Relevant Matters Applicable to Overseas Listed Companies,</del> the Guidelines for the Articles of Association of Listed Companies of the CSRC and other relevant provisions, to safeguard the legal interests of Central China Securities Co., Ltd. (the “<b>Company</b>”), its shareholders and creditors thereof, and to regulate the organization and conduct of the company.</p>



**LETTER FROM THE BOARD**

Before amendments	After amendments
<p><b>Article 60</b> The Company’s shareholders shall comply with the conditions prescribed by the securities regulatory authority of the State.</p> <p>Shareholders of the Company are persons lawfully holding shares of the Company, with names (titles) recorded in register of shareholders. The shareholders enjoy rights and assume obligations as per the shares they hold; the same shares represent the same rights and the same obligations.</p> <p>.....</p>	<p><b>Article 60</b> The Company’s shareholders shall comply with the conditions prescribed by the securities regulatory authority of the State. <u><b>Any institution or individual who becomes a major shareholder of the Company or the de facto controller of the Company without the approval of the securities regulatory authority of the State Council shall make corrections within a time limit. Before making corrections, it shall not exercise the rights of, amongst others, proposing to convene a general meeting, voting, nomination, making proposals and disposition.</b></u></p> <p>Shareholders of the Company are persons lawfully holding shares of the Company, with names (titles) recorded in register of shareholders. The shareholders enjoy rights and assume obligations as per the shares they hold; the same shares represent the same rights and the same obligations.</p> <p><u><b>The Company’s shareholders, de facto controllers of shareholders and other related parties shall not require the Company and its subsidiaries to encroach on the funds and assets of the Company and its subsidiaries, and damage the legitimate rights and interests of Company and other shareholders and customers through illegal related party transactions, external investments, financing, guarantees, sales of financial products, etc.</b></u></p> <p>.....</p>
<p><b>Article 90</b> In accordance with laws and regulations and provisions of the securities regulatory authority at the place where the Company’s shares are listed, notice of the general meeting served to holders of the overseas listed foreign shares may be published on the website of the Hong Kong Stock Exchange, instead of methods by personal delivery or prepaid mail.</p>	<p><b>Article 90</b> In accordance with laws and regulations and provisions of the securities regulatory authority at the place where the Company’s shares are listed, notice of the general meeting served to holders of the overseas listed foreign shares may be published on the website of the Hong Kong Stock Exchange, <del>instead of methods by personal delivery or prepaid mail.</del></p>

## LETTER FROM THE BOARD

Before amendments	After amendments
<p><b>Article 313</b> Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once it is published. Where there are regulations specified by the regulatory authority at the place where the Company's shares are listed, the relevant regulations shall prevail.</p> <p>Any notice sent by the Company to the holders of overseas listed foreign shares, if sent by announcement, shall be submitted in electronic form to the Hong Kong Stock Exchange for immediate release through the electronic publication system of the Hong Kong Stock Exchange on the same date according to local listing rules, so as to be published on the websites of the Hong Kong Stock Exchange and the Company. In addition, the aforesaid notice shall be sent by personal delivery or prepaid mail to the registered addresses in the register of holders of overseas listed foreign shares according to rules of listing place, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.</p> <p>The holders of overseas listed foreign shares of the Company may obtain in written form (by e-mail or by post) the corporate communications about the Company that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The holders of overseas listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant version thereof according to proper procedures.</p> <p>In case the Directors and the shareholders need to prove that the notice, documents, data, or written statement have been sent to the Company, the evidence that relevant notice, document, data, or written statement have been sent to correct address by the usual way or prepaid mail within a specified time has to be provided.</p>	<p><b>Article 313</b> Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once it is published. Where there are regulations specified by the regulatory authority at the place where the Company's shares are listed, the relevant regulations shall prevail.</p> <p>Any notice sent by the Company to the holders of overseas listed foreign shares, if sent by announcement, shall be submitted in electronic form to the Hong Kong Stock Exchange for immediate release through the electronic publication system of the Hong Kong Stock Exchange on the same date according to <del>local listing rules</del> <b>Hong Kong</b> Listing Rules, so as to be published on the websites of the Hong Kong Stock Exchange and the Company. <del>In addition, the aforesaid notice shall be sent by personal delivery or prepaid mail to the registered addresses in the register of holders of overseas listed foreign shares according to rules of listing place, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.</del></p> <p>The holders of overseas listed foreign shares of the Company may obtain <del>in written form (by e-mail or by post)</del> <b>the printed copies of</b> the corporate communications about the Company <del>that the Company shall send to the shareholders</del>, and may choose to receive either or both of the Chinese and English versions. The holders of overseas listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant version thereof according to proper procedures.</p> <p>In case the Directors and the shareholders need to prove that the notice, documents, data, or written statement have been sent to the Company, the evidence that relevant notice, document, data, or written statement have been sent to correct address by the usual way or prepaid mail within a specified time has to be provided.</p>

## LETTER FROM THE BOARD

Before amendments	After amendments
<p>Although the Company is required to provide corporate communications in writing to shareholders according to the preceding paragraph, if the Company has obtained the shareholders' prior written consent or implied consent according to relevant laws and regulations and the Hong Kong Listing Rules amended from time to time, it may send corporate communications to shareholders by electronic means or via publication on the website of the Company. The corporate communications include, but is not limited to: circulars, annual reports, interim reports, quarterly reports, notices of general meeting and other corporate communications listed in the Hong Kong Listing Rules. Report of the Board along with balance sheet (including each file which is specified by applicable law to be inserted as appendix in balance sheet), income statement, statement of income and expenditure or (ii) summary financial report, shall be handed over or delivered to the registered address of each shareholder by post at least 21 days prior to the convening of the general meeting.</p> <p>.....</p>	<p><del>Although the Company is required to provide corporate communications in writing to shareholders according to the preceding paragraph, if the Company has obtained the shareholders' prior written consent or implied consent according to relevant laws and regulations and the Hong Kong Listing Rules amended from time to time, it</del> <b><u>The Company</u></b> may send corporate communications to <b><u>holders of the overseas listed foreign shares</u></b> by electronic means or via publication on the website of the Company. The corporate communications include, but is not limited to: circulars, annual reports, interim reports, quarterly reports, notices of general meeting and other corporate communications listed in the Hong Kong Listing Rules. Report of the Board along with balance sheet (including each file which is specified by applicable law to be inserted as appendix in balance sheet), income statement, statement of income and expenditure or (ii) summary financial report, shall be <del>handed over or delivered</del> <b><u>provided</u></b> to the <del>registered address of each shareholder by post</del> at least 21 days prior to the convening of the general meeting. <b><u>Subject to the satisfaction of the laws, administrative regulations, and the requirements of the securities regulatory authority at the place where the Company's shares are listed, it may be provided by way of publication on the Company's website and the Hong Kong Stock Exchange's website.</u></b></p> <p>.....</p>

Except for the above Articles, other Articles in the Company's Articles of Association remain unchanged.

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## LETTER FROM THE BOARD

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The English version of the Articles of Association is an unofficial translation of the Chinese version. In case of inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are subject to a special resolution passed by the Shareholders at the EGM.

### **II. RESOLUTION ON CHANGE OF ACCOUNTING FIRM FOR ANNUAL AUDIT FOR 2024**

Reference is made to the announcement of the Company dated 2 December 2024. The Company's former accounting firm was Da Hua Certified Public Accountants (Special General Partnership) ("**Da Hua**"). According to the relevant regulations on the selection and appointment of accounting firms by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, and the CSRC, based on the principle of prudence and considering the Company's future business development and audit service needs, the Company intends to appoint ShineWing as the financial and internal control audit institution for the year 2024. The Company has communicated with Da Hua regarding this matter, and it has clearly understood the changes and confirmed no objections. There are no disagreements with the former accounting firm in terms of work arrangements, fees, or opinions.

#### **(I) Basic Information on the Accounting Firm to be Engaged**

##### *(i) Information about the institution*

###### *1. Basic Information*

Institution Name: ShineWing Certified Public Accountants (Special General Partnership)  
 ("**ShineWing**")

Date of establishment: 2 March 2012 (Jing Cai Kuai Xu Ke [2011] No. 0056)

Organisational form: Special General Partnership

Registered address: 8/F, Block A, Fu Hua Mansion, No. 8 North Chaoyangmen Street, Dongcheng District, Beijing, the PRC

Chief Partner: Tan Xiaoqing (譚小青)

As of 31 December 2023, ShineWing had 245 partners (shareholders) and 1,656 certified public accountants (of which 660 certified public accountants have signed audit reports on securities services business).

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## LETTER FROM THE BOARD

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Total business revenue of ShineWing in 2023 amounted to RMB4,046 million, of which revenue from audit business amounted to RMB3,015 million and revenue from securities business amounted to RMB996 million. ShineWing undertook 364 annual report audit projects of listed companies, with total fees amounted to RMB456 million, covering major industries such as manufacturing, information transmission, software and information technology services, transportation, warehousing and postal services, electricity, heat, gas and water production and supply, wholesale and retail, mining, cultural, sport and entertainment, finance, water, environment and public utilities management and construction. There were 8 listed audit clients in the same industry as the Company.

### *2. Investor protection capability*

ShineWing has purchased occupational insurance that complies with the relevant laws and regulations, with the sum of the accumulative compensation limit of occupational insurance and occupational risk fund exceeded RMB200 million. Accrued occupational risk fund or purchased occupational insurance complies with the relevant requirements. Apart from the dispute over liability for security false statement of LeTV, in the past three years, ShineWing has not borne any civil liabilities due to civil litigation related to its practice.

### *3. Integrity record*

In the past three years ended 30 June 2024, ShineWing Certified Public Accountants has received 0 criminal penalties, 1 administrative penalty, 18 supervisory and management measures, 4 self-regulatory measures and 0 disciplinary actions for its practice. 47 practitioners have received 0 criminal penalties, 3 administrative penalties, 18 supervisory and management measures, 5 self-regulatory measures and 1 disciplinary action for their practice in the past three years.

### *(ii) Project Information*

#### *1. Basic Information*

Signing Project Partner: Yan Fanqing (顏凡清), Senior Member of Certified Public Accountant in China, obtained the qualification of Certified Public Accountant in China in 2001, began to engage in the audit of the listed and public companies in 2001, has been practising at ShineWing since 2006, and has signed and reviewed for over seven listed and public companies in the past three years.

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## LETTER FROM THE BOARD

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Signing Certified Public Accountant: Dai Hui (戴慧), obtained the qualification of Certified Public Accountant in China in 2005, began to engage in the audit of the listed and public companies in 2006, has been practising at ShineWing since 2005, and has signed for one listed company in the past three years.

Project quality control reviewer: Wang Gongyong (王貢勇), obtained the qualification of Certified Public Accountant in China in 2001, began to engage in the audit of the listed companies in 2001, has been practising at ShineWing since 2009, and has signed and reviewed for ten listed companies in the past three years.

### 2. *Integrity record*

In the past three years, no project partner, signing certified public accountant, or project quality control reviewer has been subject to criminal penalties, administrative penalties or supervisory measures imposed by the CSRC and its agencies or industry authorities, or self-regulatory measures or disciplinary actions imposed by securities exchanges, industry associations, or other self-regulatory organisations.

### 3. *Independence*

ShineWing Certified Public Accountants and the project partners, signing certified public accountants, project quality control reviewers and other practitioners have no record of violation of the independence requirements in the Code of Ethics for Certified Public Accountants in China (《中國註冊會計師職業道德守則》).

### 4. *Audit Fees*

The audit fees amounted to RMB1.42 million, which include the audit fees for financial statement of RMB1.07 million and the audit fees for internal control of RMB0.35 million. In 2024, the total remuneration for the Company's accounting firm was RMB1.67 million, including the audit fee of RMB1.42 million and the audit fees for interim report of RMB0.25 million, representing a year-on-year decrease of 13.47%. The above fees are determined based on the professional skills required, nature of work, and workload undertaken by the accounting firm for providing audit services, taking into account the required number of staff and days required, as well as the daily fee per staff.

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## LETTER FROM THE BOARD

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### **(II) Explanation on the Proposed Change of Accounting Firm**

#### ***(i) Information about the accounting firm formerly engaged and auditor's opinion of last year***

The former accounting firm of the Company was Da Hua, which provided audit services to the Company for three years up to the year 2023, with a standard unqualified audit opinion for the year 2023. There does not exist any circumstances where the Company terminated the services of the former accounting firm after having engaged it to carry out partial of the audit work.

#### ***(ii) Reasons for the proposed change of accounting firm***

According to the relevant regulations on the selection and appointment of accounting firms issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, and the CSRC, based on the principle of prudence and considering the Company's future business development and audit service needs, the Company intends to appoint ShineWing as the financial and internal control audit institution for the year 2024.

#### ***(iii) Communication between the Company and its former and subsequent accounting firms***

The Company has communicated in advance with Da Hua regarding the change of accounting firm, and Da Hua has no objection to such matters. Da Hua has confirmed that there is no other matter in relation to the proposed non-re-appointment that needs to be brought to the attention of the audit committee, the Board, and the Shareholders of the Company. The Board of the Company would like to express its sincere gratitude to Da Hua for their diligent work during the years of providing audit services for the Company. As the Company's change of the appointment of the accounting firm for its annual audit for 2024 is still subject to the consideration and approval at the general meeting, the former and subsequent accounting firms will actively and timely carry out communication and coordination work in accordance with the relevant provisions of PRC Auditing Standard for Certified Public Accountants No. 1153 — Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants (《中國註冊會計師審計準則第1153號 — 前任註冊會計師和後任註冊會計師的溝通》).

The Resolution is subject to the approval by the Shareholders by way of an ordinary resolution at the EGM.

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## LETTER FROM THE BOARD

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### III. RESOLUTION ON THE PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In order to improve the Company's risk management system, strengthen risk control, reduce the Company's operational risks, protect the rights and interests of the Company's directors, supervisors and senior management, as well as the broad investors, and at the same time facilitate the Company's management to fully exercise their rights and perform their duties, in accordance with the relevant provisions of the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Company intends to purchase liability insurance for the Company and all directors, supervisors and senior management (hereinafter referred to as "**Liability Insurance for Directors, Supervisors and Senior Management**"), the specific plan for the Liability Insurance for Directors, Supervisors and Senior Management is as follows:

1. Policyholder: Central China Securities Co., Ltd.
2. Insured: the Company and all its Directors, Supervisors, senior management, and other relevant entities
3. Compensation limit: no more than USD20 million per year (subject to the insurance contract)
4. Premium expense: not exceeding USD41.9 thousand per year (subject to the insurance contract)
5. Insurance period: 12 months (renewable or a new insurance contract may be entered into annually)

In order to improve decision-making efficiency, the Board of the Company proposes to the Company's general meeting to authorise the management within the above authority to handle matters related to the purchase of liability insurance for the Company's directors, supervisors, and senior management (including but not limited to determining other relevant responsible personnel; determining the insurance company; if there are market changes, determining the liability limit, total premium, and other insurance terms based on market conditions; selecting and appointing insurance brokerage companies or other intermediaries; signing relevant legal documents and handling other matters related to insurance), as well as handling matters related to renewal or reinsurance upon or before the expiration of the liability insurance contracts for directors, supervisors, and senior management in the future.

The Resolution is subject to the approval by the Shareholders by way of an ordinary resolution at the EGM.



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## LETTER FROM THE BOARD

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### IV. RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE PROPORTIONAL CAPITAL INCREASE IN HENAN ASSET

Reference is made to the overseas regulatory announcement of the Company dated 30 October 2024. On 30 October 2024, the Board resolved to agree Central China Blue Ocean to waive proportional capital increase in Henan Asset. This matter is still subject to approval by the Shareholders at the EGM by way of an ordinary resolution.

#### (I) Related/Connected Transactions and Overview of Transactions

##### (i) Basic information

Central China Blue Ocean, a wholly-owned subsidiary of the Company, holds 10% shares of Henan Asset, and Henan Investment Group, the controlling shareholder of the Company, holds 40% shares of Henan Asset. According to its development needs, Henan Asset plans to increase its capital and shares for existing shareholders and new investors. Existing shareholders and new investors plan to subscribe for the new registered capital of Henan Asset of RMB1 billion by entering the market and delisting. After negotiation between all shareholders, Henan Investment Group plans to participate in this capital increase, and Central China Blue Ocean plans to waive proportional capital increase. After the completion of this capital increase of Henan Asset, Central China Blue Ocean's shareholding ratio in Henan Asset will be diluted from 10% to 8.57%. Central China Blue Ocean's waiver its pre-emptive right for the aforesaid capital increase constitutes a related/connected transaction. However, it does not constitute a major asset restructuring as stipulated in the "Administrative Measures for Major Asset Restructuring of Listed Companies" (《上市公司重大資產重組管理辦法》).

Shareholders of Henan Asset and shareholding ratio:

Name of Shareholder	Amount of capital contribution (RMB10,000)	Investment method	Shareholding ratio
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	240,000	Monetary contribution	40%
Dahe Media Investment Co., Ltd. (大河傳媒投資有限公司)	60,000	Monetary contribution	10%
SDIC Assets Management Co., Ltd. (國投資產管理有限公司)	60,000	Monetary contribution	10%

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## LETTER FROM THE BOARD

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Name of Shareholder	Amount of capital contribution (RMB10,000)	Investment method	Shareholding ratio
Henan Zhongyuan Expressway Co., Ltd. (河南中原高速公路股份有限公司)	60,000	Monetary contribution	10%
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	60,000	Monetary contribution	10%
Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)	60,000	Monetary contribution	10%
Henan Huirong Asset Management Co., Ltd. (河南匯融資產經營有限公司)	30,000	Monetary contribution	5%
Henan Zekuan Enterprise Management Consulting Partnership (Limited Partnership) (河南擇寬企業管理諮詢 合夥企業(有限合夥))	30,000	Monetary contribution	5%
Total	<u>600,000</u> /		<u>100%</u>

After the completion of this capital increase, the registered capital of Henan Asset will increase from RMB6 billion to RMB7 billion, and the shareholding ratio of Central China Blue Ocean will be diluted from 10% to 8.57%.

As of 30 October 2024, except for the daily related/connected transactions carried out within the scope and amount of related/connected transactions reviewed and approved by the Company's board of directors, the related/connected transactions between the Company and the same related/connected person or related/connected transactions related to the same target category of transactions between different related/connected parties in the past 12 months have not reached 0.5% of the Company's latest audited net assets.

### (II) Introduction to related/connected parties

#### (i) Introduction to related/connected party relationships

Henan Investment Group is the controlling shareholder of the Company. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Henan Investment Group is an affiliated legal person of the Company. Henan Investment Group intends to participate in this

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## LETTER FROM THE BOARD

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capital increase, and Central China Blue Ocean intends to waive this capital increase in the same proportion. This capital increase will lead to the passive dilution of Central China Blue Ocean's shareholding ratio, and this transaction constitutes a related/connected transaction.

**(ii) Basic information on related/connected persons**

Company Name: Henan Investment Group Co., Ltd. (河南投資集團有限公司)

Nature of business: Limited liability company (wholly state-owned)

Registered address: Investment Building, No. 41 East Nongye Road, Zhengzhou City,  
Henan Province, the PRC

Date of incorporation: 18 December 1991

Legal representative: Yan Wanpeng (閆萬鵬)

Registered capital: RMB12 billion

Principal business: Investment management, investment in construction projects, industrial production materials and machinery and equipment required for construction projects, sale of raw materials of products for investment projects (other than those subject to national specific regulations); Housing lease (For items requiring approval for the above scope, no operation shall be permitted before approval is obtained).

Controlling Shareholder: Department of Finance of Henan Province

As of 30 October 2024, Henan Investment Group directly and indirectly held 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company. The relationship between the Company and Henan Investment Group in terms of property rights, business, assets, credits and debts, personnel, etc., complies with the relevant legal and regulatory requirements.

**(III) Basic Information on the Target of the Related/Connected Transactions**

Name of the target: Henan Asset Management Co., Ltd. (河南資產管理有限公司)

Legal representative: Cheng Dongmei (成冬梅)

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## LETTER FROM THE BOARD

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Registered address: No. 21 Middle Ring Road, Finance Island, Zhengzhou Area (Zhengdong), Henan Pilot Free Trade Zone, the PRC

Registered capital: RMB6 billion

Principal business: Acquisition, management and disposal of non-performing assets; investment and asset management; private fund management; equity custody management, entrusted asset management; management services for corporate bankruptcy and liquidation; corporate mergers and acquisitions services, corporate listing and restructuring services; financial, investment, legal and risk management consulting services.

Key Financial Data: As of 31 December 2023, Henan Asset's total assets were RMB35.504 billion, and net assets were RMB14.422 billion. For the year 2023, operating income was RMB2.708 billion, and net profit was RMB1.068 billion. (The above financial data has been audited by Ernst & Young Hua Ming LLP (Special General Partnership) and a standard unqualified audit report has been issued.)

As at 30 June 2024, the total assets of Henan Asset were RMB35.313 billion, and the net assets were RMB14.492 billion. In the first half of 2024, the operating income was RMB1.122 billion, and the net profit was RMB371 million (the above figures are unaudited).

#### **(IV) Evaluation and pricing of the transaction target**

According to the "Asset Valuation Report on the Value of All Shareholders' Equity of Henan Asset Management Co., Ltd. Involved in the Capital Increase Project of Henan Asset Management Co., Ltd." (Zhong Qi Hua Ping Bao Zi (2024) No. 3686) (《河南資產管理有限公司增資項目涉及的河南資產管理有限公司股東全部權益資產評估報告》(中企華評報字(2024)第3686號)) issued by Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), as of 31 December 2023, the book value of the total assets of Henan Asset was RMB35.129 billion, with an appraised value of RMB35.704 billion; the book value of total liabilities was RMB22.845 billion, with an appraised value of RMB22.841 billion; the book value of net assets was RMB12.284 billion, with an appraised value of RMB12.862 billion, representing an appreciation amount of RMB578 million and an appreciation rate of 4.71%. Among them, other equity instruments had a book value of RMB5.7 billion and an appraised value of RMB5.7 billion, with no change in value; the book value of total equity attributable to ordinary shareholders was RMB6.584 billion, the appraised value was RMB7.162 billion, representing an appreciation amount of RMB578 million and an appreciation rate of 8.78%.

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## LETTER FROM THE BOARD

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### **(V) Purpose of the related party/connected transactions and their effects on the Company**

Central China Blue Ocean waived the proportional capital increase for Henan Asset this time, which aligns with the national policy of encouraging state-owned financial institutions to return to their basics and focus on their main business. It also aligns with the Company's strategic positioning of creating a capital market channel and intensifying capital layout. After the completion of this capital increase, the shareholding ratio of Central China Blue Ocean in Henan Asset will be diluted from 10% to 8.57%, which will not lead to changes in the scope of the Company's consolidated financial statements, nor will it adversely affect the future business development of the Company. There is no prejudice against the interests of the Company and all Shareholders.

### **(VI) Review Procedures for Related/Connected Transactions**

1. On 30 October 2024, the Audit Committee and the Development and Strategy Committee of the Seventh Session of the Board of the Company considered and approved this matter and agreed to submit it to the 30th meeting of the Seventh Session of the Board for consideration.
2. On 30 October 2024, the Independent Directors' Special Meeting of the Seventh Session of the Board of the Company considered and approved this matter and agreed to submit it to the 30th Meeting of the Seventh Session of the Board of the Company for consideration.
3. On 30 October 2024, the 30th meeting of the Seventh Session of the Board considered and approved the Proposal of Central China Securities Co., Ltd. on Central China Blue Ocean Waiving Proportional Capital Increase in Henan Asset. Mr. LI Xingjia and Ms. ZHANG Qiuyun, the related/connected directors, abstained from voting.
4. Central China Blue Ocean's waiver of the proportional capital increase and pre-emptive right, resulting in a change in its shareholding ratio in Henan Asset, corresponds to more than 50% of the audited net profit of the target for 2023, accounting for the audited net profit of the Company for 2023. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, it is required to be submitted to the Company's general meeting for consideration.

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## LETTER FROM THE BOARD

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### **(VII) Risk Warning**

The transaction is intended to be conducted through a public bidding process. There is uncertainty regarding whether Henan Asset can successfully introduce new shareholders and whether the original shareholders will all increase their capital proportionally, which may affect Central China Blue Ocean's final shareholding ratio in Henan Asset. The Company will fulfil its information disclosure obligations in a timely manner in accordance with the progress of the matter, and investors are advised to make sensible decisions and be aware of the risks.

The waiver by Central China Blue Ocean of the matter regarding the proportional capital increase in Henan Asset is subject to the approval by the Shareholders by way of an ordinary resolution at the EGM.

### **V. RESOLUTION ON CENTRAL CHINA BLUE OCEAN TO WAIVE THE TRANSFER OF HENAN ASSET'S EQUITY BY HENAN ASSET'S SHAREHOLDERS**

Reference is made to the overseas regulatory announcement of the Company dated 30 October 2024. On 30 October 2024, the Board resolved to agree Central China Blue Ocean to waive the pre-emptive right to purchase equity in Henan Asset. This matter is still subject to approval by the Shareholders at the EGM by way of an ordinary resolution before it can take effect.

#### **(I) Related/connected transactions and overview of transactions**

##### ***(i) Basic Information***

Central China Blue Ocean, the Company's wholly-owned subsidiary, holds 10% of the shares in Henan Asset, while Henan Investment Group, the Company's controlling shareholder, holds 40% of the shares in Henan Asset. ZeKuan Enterprise Management, the Shareholders of Henan Asset, proposes to transfer its 5% equity interest to Henan Investment Group through a non-public agreement. Central China Blue Ocean intends to waive the pre-emptive right to purchase the equity interest in Henan Asset being transferred by ZeKuan Enterprise Management. This waiver of pre-emptive rights constitutes a related/connected transaction.

SDIC Assets, the Shareholder of Henan Asset, intends to transfer its 10% equity interest through public tender. Central China Blue Ocean intends to waive the pre-emptive right to purchase the equity of Henan Asset being transferred by SDIC Assets. The transferee of the equity transfer and the final transaction result have not yet been determined, and it is uncertain whether it constitutes a related/connected transaction, with a risk of the transaction not being completed.

## LETTER FROM THE BOARD

The above-mentioned two waivers of pre-emptive right do not constitute a major asset restructuring as stipulated in the “Administrative Measures for Major Asset Restructuring of Listed Companies” (《上市公司重大資產重組管理辦法》).

Shareholders of Henan Asset and Shareholding Ratio:

Name of Shareholder	Amount of capital contribution (RMB10,000)	Investment method	Shareholding ratio
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	240,000	Monetary contribution	40%
Dahe Media Investment Co., Ltd. (大河傳媒投資有限公司)	60,000	Monetary contribution	10%
SDIC Assets Management Co., Ltd. (國投資產管理有限公司)	60,000	Monetary contribution	10%
Henan Zhongyuan Expressway Co., Ltd. (河南中原高速公路股份有限公司)	60,000	Monetary contribution	10%
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	60,000	Monetary contribution	10%
Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)	60,000	Monetary contribution	10%
Henan Huirong Asset Management Co., Ltd. (河南匯融資產經營有限公司)	30,000	Monetary contribution	5%
Henan Zekuan Enterprise Management Consulting Partnership (Limited Partnership) (河南擇寬企業管理諮詢 合夥企業(有限合夥))	30,000	Monetary contribution	5%
Total	<u>600,000</u> /		<u>100%</u>

As of 30 October 2024, except for the daily related party/connected transactions carried out within the scope and amount of related party/connected transactions reviewed and approved by the Company’s board of directors, the related party/connected transactions between the Company and the same related party/connected person or related/connected transactions related to the same target category of transactions between different related/connected parties in the past 12 months have not reached 0.5% of the Company’s latest audited net assets.

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## LETTER FROM THE BOARD

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### (II) Introduction to related /connected parties

#### (i) *Introduction to related/connected party relationships*

Zekuan Enterprise Management intends to transfer its 5% equity in Henan Asset to Henan Investment Group, the controlling shareholder of the Company, through a non-public agreement. Central China Blue Ocean intends to waive its pre-emptive rights to purchase the equity being transferred by the aforementioned shareholder. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, this transaction constitutes a related/connected transaction but does not constitute a major asset reorganisation as stipulated in the “Administrative Measures for Major Asset Restructuring of Listed Companies” (《上市公司重大資產重組管理辦法》).

#### (ii) *Basic information on related/connected persons*

Company Name: Henan Investment Group Co., Ltd. (河南投資集團有限公司)

Nature of business: Limited liability company (wholly state-owned)

Registered address: Investment Building, No. 41 East Nongye Road, Zhengzhou City, Henan Province, the PRC

Date of incorporation: 18 December 1991

Legal representative: Yan Wanpeng (閔萬鵬)

Registered capital: RMB12 billion

Principal business: Investment management, investment in construction projects, industrial production information and machinery and equipment required for construction projects, sale of raw materials of products for investment projects (other than those subject to national specific regulations); Housing lease (For items requiring approval for the above scope, no operation shall be permitted before approval is obtained).

Controlling Shareholder: Department of Finance of Henan Province



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## LETTER FROM THE BOARD

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As of 30 October 2024, Henan Investment Group directly and indirectly held 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company. The relationship between the Company and Henan Investment Group in terms of property rights, business, assets, credits and debts, personnel, etc., complies with the relevant legal and regulatory requirements.

### **(III) Basic Information on the Target of the Related/Connected Transactions**

Name of the target: Henan Asset Management Co., Ltd. (河南資產管理有限公司)

Legal representative: Cheng Dongmei (成冬梅)

Registered address: No. 21 Middle Ring Road, Finance Island, Zhengzhou Area (Zhengdong), Henan Pilot Free Trade Zone, the PRC

Registered capital: RMB6 billion

Principal business: Acquisition, management and disposal of non-performing assets; investment and asset management; private fund management; equity custody management, entrusted asset management; management services for corporate bankruptcy and liquidation; corporate mergers and acquisitions services, corporate listing and restructuring services; financial, investment, legal and risk management consulting services.

Key Financial Data: As of 31 December 2023, Henan Asset's total assets were RMB35.504 billion, and net assets were RMB14.422 billion. For the year 2023, operating income was RMB2.708 billion, and net profit was RMB1.068 billion. (The above financial data has been audited by Ernst & Young Hua Ming LLP (Special General Partnership) and a standard unqualified audit report has been issued.)

As at 30 June 2024, the total assets of Henan Asset were RMB35.313 billion, and the net assets were RMB14.492 billion. In the first half of 2024, the operating income was RMB1.122 billion, and the net profit was RMB371 million (the above figures are unaudited).

### **(IV) Evaluation and pricing of the transaction target**

SDIC Assets intends to publicly list and transfer its 10% shares in Henan Asset at a price not lower than RMB733,930,540 on the property rights exchange designated by the State-owned Assets Supervision and Administration Commission of the State Council.

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## LETTER FROM THE BOARD

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Zekuan Enterprise Management and Henan Investment Group, based on the appraisal results of the “Asset Valuation Report on the Value of All Shareholders’ Equity of Henan Asset Management Co., Ltd. Involved in the Capital Increase Project of Henan Asset Management Co., Ltd.” (Zhong Qi Hua Ping Bao Zi (2024) No. 3686) (《河南資產管理有限公司增資項目涉及的河南資產管理有限公司股東全部權益資產評估報告》(中企華評報字(2024)第3686號)) issued by Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), negotiated a price of RMB358.12 million to transfer the 5% shares of Henan Asset held by Zekuan Enterprise Management at RMB1.1938/share.

### **(V) Impact of Waiving Pre-emptive Subscription Rights on the Company**

To implement the spirit of financial institutions focusing on their main responsibilities and core businesses, Central China Blue Ocean intends to waive its pre-emptive right to purchase the equity transfer of Henan Asset in this instance. The waiver of the pre-emptive right will not lead to changes in the scope of the Company’s consolidated financial statements, nor will it adversely affect the future business development of the Company, and there is no circumstance that would prejudice the interests of the Company and all shareholders.

### **(VI) Review Procedures**

1. On 30 October 2024, the Audit Committee and the Development and Strategy Committee of the Seventh Session of the Board of the Company considered and approved this matter and agreed to submit it to the 30th meeting of the Seventh Session of the Board for consideration.
2. On 30 October 2024, the Independent Directors’ Specialised Meeting of the Seventh Session of the Board of the Company considered and approved this matter and agreed to submit it to the 30th Meeting of the Seventh Session of the Board for consideration.
3. On 30 October 2024, the 30th meeting of the Seventh Session of the Board of the Company considered and approved the “Proposal of Central China Securities Co., Ltd. on Central China Blue Ocean Waiving the Transfer of Henan Asset Equity by the Shareholders of Henan Asset”. Mr. LI Xingjia and Ms. ZHANG Qiuyun, the related/connected directors, abstained from voting.
4. The waiver of the pre-emptive right and the proportional capital increase by Central China Blue Ocean in this instance, resulting in a change in its shareholding ratio in Henan Asset, corresponds to more than 50% of the audited net profit of the target for the year of 2023, accounting for the audited net profit of the Company for the year of 2023. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, it is required to be submitted to the Company’s general meeting for consideration.

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## LETTER FROM THE BOARD

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### **(VII) Risk Warning**

SDIC Assets publicly listed and transferred 10% equity of Henan Assets, and the final transaction result remains uncertain. It is not yet determined whether it constitutes a connected/related transaction. Once the transaction result is confirmed, the Company will follow the relevant regulations to perform the necessary review and disclosure procedures. Investors are advised to invest rationally and pay attention to investment risks.

The matter of Central China Blue Ocean waiving the pre-emptive right to purchase equity in Henan Asset is subject to the approval by the Shareholders by way of an ordinary resolution at the EGM.

### **VI. EGM**

The EGM will be held by the Company at 9:30 a.m. on Friday, 27 December 2024 at Conference Room, 17th Floor, Zhongyuan Guangfa Financial Building, No. 10 Shangwu Waihuan Road, Zhengzhou, Henan Province, the PRC.

Central China Blue Ocean to waive Proportional Capital Increase in Henan Asset and Central China Blue Ocean to waive the pre-emptive right to purchase equity in Henan Asset do not constitute transactions of the Company under Chapter 14 and/or Chapter 14A of the Hong Kong Listing Rules. However, these transactions are required to be approved by shareholders at the general meeting pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. As at the Latest Practicable Date, Henan Investment Group is the controlling shareholder of the Company, which holds 1,023,556,847 shares of the Company in total, accounting for 22.05% of the total share capital of the Company. Henan Investment Group is required to abstain from voting on approving the Resolution on Central China Blue Ocean to waive proportional capital increase in Henan Asset and the Resolution on Central China Blue Ocean to waive its pre-emptive right to purchase equity in Henan Asset at the EGM.

Save as disclosed above, no Shareholder is required to abstain from voting in connection with the resolutions to be resolved at the EGM. The applicable proxy form for the EGM is attached to this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the applicable proxy form in accordance with the instructions printed thereon as soon as possible. In case of holders of H Shares, the proxy form shall be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event, not less than 24 hours before the time scheduled for holding the EGM or any adjournment thereof (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

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## LETTER FROM THE BOARD

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### VII. VOTING

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, voting on the resolutions as set out in the notice of EGM will be conducted by way of a poll under the Articles of Association.

During the poll, every Shareholder presents in person or by proxy (or in case of corporation, its duly authorized representative) at the EGM shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.

### VIII. RECOMMENDATION

The Board considered that all resolutions to be proposed at the EGM are in the interests of the Company and its Shareholders as a whole. Therefore, the Board recommends you to vote in favour of the resolutions to be proposed at the EGM.

### IX. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By order of the Board  
**Central China Securities Co., Ltd.**  
**LU Zhili**  
*Chairman*

**HENAN ASSET MANAGEMENT COMPANY LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**YEAR 2023**

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**AUDIT REPORT**

EY (2024) SZ No. 70044755\_B01  
Henan Asset Management Company Limited

To the Shareholders of Henan Asset Management Company Limited,

**I. Audit Opinion**

We have audited the financial statements of Henan Asset Management Company Limited, including the consolidated and the Company's balance sheet as at 31 December 2023, the 2023 consolidated and the Company's income statement, statement of changes in equity and cash flow statement, and relevant notes to financial statements.

We believe that the attached financial statements of Henan Asset Management Company Limited have been prepared in all material respects in accordance with the Accounting Standards for Business Enterprises and fairly reflected the consolidated and Company's financial position as of 31 December 2023 and the consolidated and company operating results and cash flows of 2023 of Henan Asset Management Company Limited.

**II. Basis for Audit Opinion**

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless either intending to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **IV. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the course of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works:

- (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 audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies selected by the management and the rationality of accounting, estimates and related disclosures.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists,



we are required to draw attention in our auditor’s report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit, and 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, etc., including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Hua Ming (Special General  
Partnership)

Chinese CPA: Zhou Mingjun (周明駿)

Chinese CPA: Mao Weiyu (毛衛雨)

Beijing, China

29 March 2024

*Note:* For the purpose of this Appendix only, “Company” refers to Henan Asset Management Co., Ltd., and “Group” refers to Henan Asset Management Co., Ltd. and its subsidiaries.

## CONSOLIDATED BALANCE SHEET

31 December 2023

RMB

Assets	Note VI	31 December 2023	31 December 2022
Cash and bank balances	1	1,434,765,945.84	1,766,404,574.91
Financial investment:		25,516,741,250.94	28,051,951,300.27
— Financial assets held for trading	2	19,526,998,578.03	19,821,597,118.00
— Debt investments	3	5,989,742,672.91	8,230,354,182.27
Long-term equity investment	4	7,138,208,048.96	4,467,696,082.33
Fixed assets	5	658,616,628.35	971,174.46
Investment properties	6	43,371,244.89	—
Construction in progress		—	645,950,407.46
Right-of-use assets	7	—	2,663,954.43
Intangible assets	8	3,306,347.36	2,893,629.89
Deferred income tax assets	9	388,620,630.04	272,096,198.96
Other assets	10	320,317,489.63	462,527,941.49
Total assets		<u>35,503,947,586.01</u>	<u>35,673,155,264.20</u>

The accompanying notes to the financial statements are an integral part of the financial statements

## CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

RMB

Liabilities	Note VI	31 December 2023	31 December 2022
Short-term loans	11	—	764,756,137.09
Accounts payable	12	<b>34,503,320.68</b>	796,497.01
Employee benefits payable	13	<b>250,501,617.46</b>	195,426,077.91
Taxes payable	14	<b>190,129,584.62</b>	90,066,519.94
Contract liabilities		<b>7,218,422.25</b>	7,679,865.29
Long-term loans	15	<b>17,171,561,780.90</b>	17,494,229,978.98
Bonds payable	16	<b>2,530,134,814.91</b>	1,928,694,180.01
Lease liabilities	17	—	2,599,389.57
Other liabilities	18	<b>897,832,775.29</b>	827,452,893.18
Total Liabilities		<b>21,081,882,316.11</b>	21,311,701,538.98
<b>Owners' equity</b>			
Share capital	19	<b>6,000,000,000.00</b>	5,000,000,000.00
Other equity instruments	20	<b>5,700,000,000.00</b>	5,700,000,000.00
Other comprehensive income	21	<b>17,350,285.60</b>	29,924,414.53
Surplus reserve	22	<b>245,389,710.22</b>	190,728,871.39
Undistributed profits	23	<b>707,587,677.45</b>	1,350,106,054.62
Total equity attributable to owners of the parent company		<b>12,670,327,673.27</b>	12,270,759,340.54
Non-controlling interests		<b>1,751,737,596.63</b>	2,090,694,384.68
Total owners' equity		<b>14,422,065,269.90</b>	14,361,453,725.22
Total liabilities and owners' equity		<b>35,503,947,586.01</b>	35,673,155,264.20

The financial statements are signed by:

Legal representative: *Officer in charge of accounting:* *Head of the accounting department:*  
**Cheng Dongmei (成冬梅)**                      **Cui Kai (崔凱)**                      **Li Xiaoyun (李孝雲)**

*The accompanying notes to the financial statements are an integral part of the financial statements*

## CONSOLIDATED INCOME STATEMENT

Year 2023

RMB

	<i>Note VI</i>	2023	2022
Total operating income		<u>2,707,541,216.97</u>	<u>2,647,919,989.53</u>
Interest income	24	645,441,868.21	817,049,656.53
Investment income	25	1,751,478,331.26	1,597,698,263.85
Including: Investment income from associates and joint ventures		544,329,374.62	395,519,024.23
Gains on changes in fair value	26	270,805,105.97	176,039,459.12
Gains from assets disposal		25,362.11	6,995,329.67
Other income	27	5,485,850.87	16,458,198.68
Other operating income	28	34,304,698.55	33,679,081.68
Total operating cost		<u>1,499,266,496.58</u>	<u>1,676,328,044.73</u>
Interest expense	29	904,722,030.44	958,602,510.69
Taxes and surcharges	30	19,428,774.17	10,093,881.28
Business and administrative expenses	31	181,013,625.97	155,662,292.15
Assets impairment losses	32	194,253,880.69	—
Credit impairment losses	33	199,631,378.33	548,111,833.54
Other operating costs	28	216,806.98	3,857,527.07
Operating profit		1,208,274,720.39	971,591,944.80
Add: Non-operating income	34	—	300,000.00
Less: Non-operating expenses	35	<u>342,196.48</u>	<u>16,908.40</u>
Profit before tax		1,207,932,523.91	971,875,036.40
Less: Income tax expenses	36	<u>139,893,624.59</u>	<u>120,147,409.23</u>
Net profit		<u><u>1,068,038,899.32</u></u>	<u><u>851,727,627.17</u></u>

The accompanying notes to the financial statements are an integral part of the financial statements

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year 2023

	<i>Note VI</i>	<b>2023</b>	<i>RMB</i>
			2022
<b>Classified by ownership</b>			
Net profit attributable to owners of the parent company		<b>612,142,461.66</b>	547,504,129.24
Net profit attributable to non-controlling interests		<b>455,896,437.66</b>	304,223,497.93
Other comprehensive income after tax		<b>(12,574,128.93)</b>	29,651,724.67
Items attributable to owners of the parent company		<b>(12,574,128.93)</b>	29,651,724.67
To be reclassified subsequently to profit or loss		<b>(347,773.34)</b>	1,557,654.56
Items that will be reclassified to profit or loss under equity method		<b>(347,773.34)</b>	1,557,654.56
Not to be reclassified subsequently to profit or loss		<b>(12,226,355.59)</b>	28,094,070.11
Items attributable to investees under equity method that will not be reclassified to profit or loss		<b>(12,226,355.59)</b>	28,094,070.11
Total comprehensive income		<b><u>1,055,464,770.39</u></b>	<b><u>881,379,351.84</u></b>
Including:			
Items attributable to owners of the parent company		<b>599,568,332.73</b>	577,155,853.91
Items attributable to non-controlling interests		<b>455,896,437.66</b>	304,223,497.93

*The accompanying notes to the financial statements are an integral part of the financial statements*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
Year 2023

RMB

	Equity attributable to owners of the parent company						Total owners' equity
	Share capital and other equity instruments	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Non-controlling interests	
I. Balance at the end of prior year	10,700,000,000.00	29,924,414.53	190,728,871.39	1,350,106,054.62	12,270,759,340.54	2,090,694,384.68	14,361,453,725.22
II. Current period increase (or less: decrease)							
(I) Total comprehensive income	—	(12,574,128.93)	—	612,142,461.66	599,568,332.73	455,896,437.66	1,055,464,770.39
(II) Owner's decreases in capital							
1. Owner's decreases in capital	—	—	—	—	—	(428,145,935.28)	(428,145,935.28)
(III) Profit distribution							
1. Appropriation to surplus reserve	—	—	54,660,838.83	(54,660,838.83)	—	—	—
2. Distribution to owners	—	—	—	(200,000,000.00)	(200,000,000.00)	(366,707,290.43)	(566,707,290.43)
(IV) Internal carry-forward of owners' equity							
1. Transfer of undistributed profits to share capital	1,000,000,000.00	—	—	(1,000,000,000.00)	—	—	—
III. Balance at the end of current period	11,700,000,000.00	17,350,285.60	245,389,710.22	707,587,677.45	12,670,327,673.27	1,751,737,596.63	14,422,065,269.90

*The accompanying notes to the financial statements are an integral part of the financial statements*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year 2022

RMB

	Equity attributable to owners of the parent company						Total owners' equity
	Share capital and other equity instruments	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total	Non-controlling interests	
I. Balance at the end of prior year	8,600,000,000.00	272,689.86	132,653,514.79	1,004,761,253.39	9,737,687,458.04	2,154,851,595.29	11,892,539,053.33
II. Current period increase (or less; decrease)							
(I) Total comprehensive income	—	29,651,724.67	—	547,504,129.24	577,155,853.91	304,223,497.93	881,379,351.84
(II) Owner's inputs and decreases in capital							
1. Owner's inputs in capital	—	—	—	—	—	14,075,588.99	14,075,588.99
2. Capital contributed by holders of other equity instruments	2,100,000,000.00	—	—	—	2,100,000,000.00	—	2,100,000,000.00
(III) Profit distribution							
1. Appropriation to surplus reserve	—	—	58,075,356.60	(58,075,356.60)	—	—	—
2. Distribution to owners	—	—	—	(144,083,971.41)	(144,083,971.41)	(382,456,297.53)	(526,540,268.94)
III. Balance at the end of current period	10,700,000,000.00	29,924,414.53	190,728,871.39	1,350,106,054.62	12,270,759,340.54	2,090,694,384.68	14,361,453,725.22

The accompanying notes to the financial statements are an integral part of the financial statements

## CONSOLIDATED CASH FLOW STATEMENT

Year 2023

		<i>RMB</i>	
	<i>Note VI</i>	<b>2023</b>	2022
I. Cash flows from operating activities:			
Cash receipt from interests, fees and commissions		<b>799,846,496.53</b>	909,008,970.75
Cash received on collection of loans and receivables		<b>4,026,088,432.62</b>	4,831,226,508.70
Other cash received related to operating activities	37	<b>572,876,456.83</b>	396,738,076.62
Subtotal of cash inflows from operating activities		<b>5,398,811,385.98</b>	6,136,973,556.07
Cash paid for disbursement of loans and receivables		<b>1,933,480,000.00</b>	1,580,498,093.42
Net increase in financial assets held for trading		<b>834,780,173.74</b>	12,550,823,216.41
Cash payments to and on behalf of employees		<b>80,704,644.03</b>	74,529,272.73
Cash payments of taxes		<b>187,501,322.92</b>	119,596,886.67
Other cash payments related to operating activities	37	<b>152,326,979.48</b>	451,131,828.64
Subtotal of cash outflows from operating activities		<b>3,188,793,120.17</b>	14,776,579,297.87
Net cash flows from/(used in) operating activities	38	<b>2,210,018,265.81</b>	(8,639,605,741.80)
II. Cash flows used in investing activities:			
Cash received from investment recovery		<b>2,914,164,740.49</b>	462,716,515.56
Cash received from investment income		<b>1,590,516,643.02</b>	802,549,413.91
Subtotal of cash inflows from investing activities		<b>4,504,681,383.51</b>	1,265,265,929.47

The accompanying notes to the financial statements are an integral part of the financial statements



## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year 2023

		<i>RMB</i>	
	<i>Note VI</i>	2023	2022
Cash payments to acquire fixed assets and intangible assets		<b>32,839,923.50</b>	37,034,683.16
Cash paid in investment		<b>4,587,031,651.35</b>	1,507,490,026.92
Subtotal of cash outflows from investing activities		<b>4,619,871,574.85</b>	1,544,524,710.08
Net cash flows used in investing activities		<b>(115,190,191.34)</b>	(279,258,780.61)
III. Cash flows from financing activities:			
Cash received from investments		—	2,114,075,588.99
Cash received from loans		<b>6,182,350,000.00</b>	15,378,528,000.00
Cash received from issuance of bonds		<b>2,293,700,000.00</b>	1,997,625,000.00
Subtotal of cash inflows from financing activities		<b>8,476,050,000.00</b>	19,490,228,588.99
Cash repayments of debts		<b>8,976,024,300.00</b>	12,162,833,894.34
Cash payments for distribution of dividends or profit or interest expenses		<b>1,496,007,765.42</b>	1,403,695,097.83
Other cash payments related to financing activities	37	<b>430,484,638.12</b>	4,491,613.10
Subtotal of cash outflows from financing activities		<b>10,902,516,703.54</b>	13,571,020,605.27
Net cash flows (used in)/ from financing activities		<b>(2,426,466,703.54)</b>	5,919,207,983.72

The accompanying notes to the financial statements are an integral part of the financial statements

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year 2023

		<i>RMB</i>	
	<i>Note VI</i>	2023	2022
IV. Net decrease in cash and cash equivalents		(331,638,629.07)	(2,999,656,538.69)
Add: Opening balance of cash and cash equivalents		<u>1,766,404,574.91</u>	<u>4,766,061,113.60</u>
V. Closing balance of cash and cash equivalents	39	<u><u>1,434,765,945.84</u></u>	<u><u>1,766,404,574.91</u></u>

*The accompanying notes to the financial statements are an integral part of the financial statements*

## BALANCE SHEET

31 December 2023

RMB

Assets	Note XV	31 December 2023	31 December 2022
Cash and bank balances	1	1,338,468,965.05	1,508,013,910.02
Financial investment		23,249,157,413.48	24,554,095,428.55
— Financial assets held for trading		18,241,396,545.85	18,469,705,189.56
— Debt investments		5,007,760,867.63	6,084,390,238.99
Long-term equity investment	2	9,207,723,198.00	7,318,851,148.25
Fixed assets		658,595,019.83	881,121.68
Investment properties		43,371,244.89	—
Construction in progress		—	645,950,407.46
Right-of-use assets		—	1,980,238.33
Intangible assets		3,306,347.36	2,893,629.89
Deferred income tax assets		336,792,262.85	242,080,276.86
Other assets		291,434,139.72	328,057,859.65
		<u>35,128,848,591.18</u>	<u>34,602,804,020.69</u>
<b>Total assets</b>		<b>35,128,848,591.18</b>	<b>34,602,804,020.69</b>
<b>Liabilities</b>			
Short-term loans		—	764,756,137.09
Accounts payable		34,436,553.63	729,729.96
Employee benefits payable		223,897,565.76	170,867,714.97
Taxes payable		158,005,401.55	55,575,157.19
Contract liabilities		122,780.35	1,715,478.82
Long-term loans		17,171,561,780.90	17,494,229,978.98
Bonds payable		2,530,134,814.91	1,928,694,180.01
Lease liabilities		—	1,956,359.01
Other liabilities		2,726,452,592.19	2,171,772,593.99
		<u>22,844,611,489.29</u>	<u>22,590,297,330.02</u>
<b>Total liabilities</b>		<b>22,844,611,489.29</b>	<b>22,590,297,330.02</b>

The accompanying notes to the financial statements are an integral part of the financial statements

## BALANCE SHEET (CONTINUED)

31 December 2023

RMB

	<i>Note XV</i>	<b>31 December 2023</b>	31 December 2022
<b>Owners' equity</b>			
Share capital		<b>6,000,000,000.00</b>	5,000,000,000.00
Other equity instruments		<b>5,700,000,000.00</b>	5,700,000,000.00
Other comprehensive income		<b>4,431,647.67</b>	12,460,506.01
Surplus reserve		<b>245,389,710.22</b>	190,728,871.39
Undistributed profits		<b>334,415,744.00</b>	1,109,317,313.27
		<u><b>12,284,237,101.89</b></u>	<u>12,012,506,690.67</u>
Total owners' equity			
		<u><b>35,128,848,591.18</b></u>	<u>34,602,804,020.69</u>
Total liabilities and owners' equity			

*The accompanying notes to the financial statements are an integral part of the financial statements*

## INCOME STATEMENT

Year 2023

	<i>Note XV</i>	<b>2023</b>	<i>RMB</i> 2022
Total operating income		<b>2,018,894,349.06</b>	2,244,255,100.90
Interest income		<b>487,304,686.44</b>	594,096,189.90
Investment income		<b>1,243,023,268.36</b>	1,457,802,262.16
Including: Investment income from associates and joint ventures		<b>454,236,095.25</b>	542,741,001.19
Gains on changes in fair value		<b>283,144,519.95</b>	178,027,738.08
Gains from assets disposal		<b>21,582.13</b>	6,995,329.67
Other income		<b>3,678,687.17</b>	1,132,976.37
Other operating income		<b>1,721,605.01</b>	6,200,604.72
Total operating cost		<b>1,381,177,431.84</b>	1,623,520,216.77
Interest expense		<b>922,191,196.62</b>	968,394,436.56
Taxes and surcharges		<b>17,056,069.52</b>	7,146,218.87
Business and administrative expenses		<b>151,850,363.65</b>	125,325,122.84
Assets impairment losses		<b>189,848,433.49</b>	—
Loss on impairment of credit		<b>100,014,561.58</b>	518,796,911.43
Other operating costs		<b>216,806.98</b>	3,857,527.07
Operating profit		<b>637,716,917.22</b>	620,734,884.13
Less: Non-operating expenses		<b>342,196.48</b>	16,908.40
Profit before tax		<b>637,374,720.74</b>	620,717,975.73
Less: Income tax expenses		<b>90,766,332.47</b>	39,964,409.77
Net profit		<b>546,608,388.27</b>	580,753,565.96

*The accompanying notes to the financial statements are an integral part of the financial statements*

## INCOME STATEMENT (CONTINUED)

Year 2023

		<i>RMB</i>
	<i>Note XV</i>	
	<b>2023</b>	2022
Other comprehensive income after tax	<b>(8,028,858.34)</b>	13,569,593.34
To be reclassified subsequently to profit or loss	<b>(230,873.70)</b>	755,923.43
Items that will be reclassified to profit or loss under equity method	<b>(230,873.70)</b>	755,923.43
Not to be reclassified subsequently to profit or loss	<b>(7,797,984.64)</b>	12,813,669.91
Items that will not be reclassified to profit or loss under equity method	<b>(7,797,984.64)</b>	12,813,669.91
Total comprehensive income	<b><u>538,579,529.93</u></b>	<b><u>594,323,159.30</u></b>

*The accompanying notes to the financial statements are an integral part of the financial statements*

## STATEMENT OF CHANGES IN EQUITY

Year 2023

RMB

Year 2023

	Share capital and other equity instruments	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
I. Balance at the end of prior year	10,700,000,000.00	12,460,506.01	190,728,871.39	1,109,317,313.27	12,012,506,690.67
II. Current period increase (or less: decrease)					
(I) Total comprehensive income	—	(8,028,858.34)	—	546,608,388.27	538,579,529.93
(II) Profit distribution					
1. Appropriation to surplus reserve	—	—	54,660,838.83	(54,660,838.83)	—
2. Distribution to owners	—	—	—	(266,849,118.71)	(266,849,118.71)
(III) Internal carry-forward of owners' equity					
1. Transfer of undistributed profits to share capital	1,000,000,000.00	—	—	(1,000,000,000.00)	—
III. Balance at the end of current period	11,700,000,000.00	4,431,647.67	245,389,710.22	334,415,744.00	12,284,237,101.89

The accompanying notes to the financial statements are an integral part of the financial statements

## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year 2022

RMB

Year 2022

	Share capital and other equity instruments	Other comprehensive income	Surplus reserve	Undistributed profits	Total owners' equity
I. Balance at the end of prior year	8,600,000,000.00	(1,109,087.33)	132,653,514.79	763,927,630.35	9,495,472,057.81
II. Current period increase (or less; decrease)					
(I) Total comprehensive income	—	13,569,593.34	—	580,753,565.96	594,323,159.30
(II) Owner's inputs and decreases in capital					
1. Capital contributed by holders of other equity instruments	2,100,000,000.00	—	—	—	2,100,000,000.00
(III) Profit distribution					
1. Appropriation to surplus reserve	—	—	58,075,356.60	(58,075,356.60)	—
2. Distribution to owners	—	—	—	(177,288,526.44)	(177,288,526.44)
III. Balance at the end of current period	10,700,000,000.00	12,460,506.01	190,728,871.39	1,109,317,313.27	12,012,506,690.67

The accompanying notes to the financial statements are an integral part of the financial statements



## CASH FLOW STATEMENT

Year 2023

		<i>RMB</i>	
	<i>Note XV</i>	<b>2023</b>	2022
I. Cash flows from operating activities:			
Cash receipt from interests, fees and commissions		<b>642,069,495.87</b>	680,133,174.69
Cash received on collection of loans and receivables		<b>2,599,102,265.51</b>	3,750,340,036.49
Other cash received related to operating activities		<b>421,475,709.81</b>	315,846,849.12
		<u><b>3,662,647,471.19</b></u>	<u>4,746,320,060.30</u>
Subtotal of cash inflows from operating activities			
Cash paid for disbursement of loans and receivables		<b>1,573,480,000.00</b>	1,488,498,093.42
Net increase in financial assets held for trading		<b>672,112,202.69</b>	12,675,264,888.81
Cash payments to and on behalf of employees		<b>56,507,197.14</b>	56,275,916.60
Cash payments of taxes		<b>154,317,913.36</b>	44,357,476.64
Other cash payments related to operating activities		<b>85,291,085.25</b>	311,155,656.22
		<u><b>2,541,708,398.44</b></u>	<u>14,575,552,031.69</u>
Subtotal of cash outflows from operating activities			
Net cash flows from/(used in) operating activities	3	<u><b>1,120,939,072.75</b></u>	<u>(9,829,231,971.39)</u>

*The accompanying notes to the financial statements are an integral part of the financial statements*

## CASH FLOW STATEMENT (CONTINUED)

Year 2023

	<i>Note XV</i>	<b>2023</b>	<i>RMB</i>
			2022
II. Cash flows used in investing activities:			
Cash received from investment recovery		<b>2,243,020,651.87</b>	422,844,198.66
Cash received from investment income		<b>1,525,628,255.20</b>	812,109,378.08
Subtotal of cash inflows from investing activities		<b>3,768,648,907.07</b>	1,234,953,576.74
Cash payments to acquire fixed assets and intangible assets		<b>32,839,923.50</b>	37,034,683.16
Cash paid in investment		<b>3,779,504,678.44</b>	1,280,800,218.59
Subtotal of cash outflows from investing activities		<b>3,812,344,601.94</b>	1,317,834,901.75
Net cash flows used in investing activities		<b>(43,695,694.87)</b>	(82,881,325.01)

*The accompanying notes to the financial statements are an integral part of the financial statements*

## CASH FLOW STATEMENT (CONTINUED)

Year 2023

	<i>Note XV</i>	<b>2023</b>	<i>RMB</i>
			2022
III. Cash flows from financing activities:			
Cash received from investments		—	2,100,000,000.00
Cash received from loans		<b>6,182,350,000.00</b>	15,378,528,000.00
Cash received from issuance of bonds		<b>2,293,700,000.00</b>	1,997,625,000.00
Other cash received related to financing activities		<b>3,430,000,003.00</b>	1,876,955,639.46
Subtotal of cash inflows from financing activities		<b>11,906,050,003.00</b>	21,353,108,639.46
Cash repayments of borrowings		<b>8,976,024,300.00</b>	12,046,583,894.34
Cash payments for distribution of dividends or profit or interest expenses		<b>1,132,297,004.03</b>	1,112,171,563.32
Other cash payments related to financing activities		<b>3,044,517,021.82</b>	1,372,034,106.00
Subtotal of cash outflows from financing activities		<b>13,152,838,325.85</b>	14,530,789,563.66
Net cash flows (used in)/ from financing activities		<b>(1,246,788,322.85)</b>	6,822,319,075.80
IV. Net decrease in cash and cash equivalents		<b>(169,544,944.97)</b>	(3,089,794,220.60)
Add: Opening balance of cash and cash equivalents		<b>1,508,013,910.02</b>	4,597,808,130.62
V. Closing balance of cash and cash equivalents	4	<b>1,338,468,965.05</b>	1,508,013,910.02

The accompanying notes to the financial statements are an integral part of the financial statements

**I. BASIC INFORMATION**

Henan Asset Management Company Limited (the “**Company**”) is a limited liability company registered in Henan Province, the People’s Republic of China, established on 8 August 2017, with a registered capital of RMB6 billion and a unified social credit code of 91410000MA448PJU6H. The Company is a local asset management company. It was established with the approval of the People’s Government of Henan Province in accordance with the relevant provisions of the Circular of the Ministry of Finance and the China Banking Regulatory Commission on the Measures for the Administration of the Bulk Transfer of Distressed Assets of Financial Enterprises (CJ [2012] No. 6) and the Circular of the China Banking Regulatory Commission on the Conditions for the Recognition of the Qualifications of the Local Asset Management Companies for the Business of Bulk Acquisition and Disposal of the Distressed Assets of Financial Enterprises (YJF [2013] No. 45). It is qualified for bulk acquisition and disposal of distressed assets of financial enterprises, which has been filed with the Ministry of Finance and the China Banking Regulatory Commission. The Company is headquartered at 21 Zhonghuan Road, Financial Island, Zhengzhou Area (Zhengdong), China (Henan) Pilot Free Trade Zone.

The principal business activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) cover bulk acquisition of distressed assets, equity investment, finance leasing and private equity fund management. The Company’s line of business covers: acquisition, management and disposal of distressed assets; investment and asset management; finance leasing business; private equity fund management; equity custody management and entrusted asset management; management services for bankruptcy and liquidation of enterprises; merger and acquisition of enterprises, corporate listing and restructuring services; and financial, investment, legal and risk management consulting services.

**II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises — Basic Standards” promulgated by the Ministry of Finance and the specific accounting standards, subsequent practice notes, interpretations and other relevant regulations as subsequently announced and revised (collectively “**CAS**”).

These financial statements are prepared on a going concern basis.

**Statement of compliance**

These financial statements have been prepared in accordance with CAS, and present truly and completely the financial position of the Company and the Group as at 31 December 2023 and the results of their operations and cash flows for 2023.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The financial information contained in the Company's and the Group's 2023 financial statements has been prepared in accordance with the following significant accounting policies and accounting estimates developed in accordance with CAS.

**1. Accounting period**

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

**2. Functional currency**

The functional currency of the Company and the currency used in preparing the financial statements are Renminbi (“RMB”). The amounts in the financial statements were denominated in RMB Yuan, unless otherwise stated.

**3. Business combination**

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

***Business combination involving entities under common control***

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities that are obtained by the absorbing party in a business combination involving entities under common control, including goodwill arising from the acquisition of the party being absorbed by the ultimate controller, shall be accounted for on the basis of the book value on the financial statements of the ultimate controller at the combination date. The difference between the book value of the net assets obtained and the book value of the consideration paid for

the combination (or the aggregate book value of shares issued as consideration) shall be adjusted to share premium under capital reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

***Business combination not involving entities under common control***

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination not involving entities under common control at their fair values on the acquisition date. Goodwill is initially recognized and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's identifiable net assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the Group recognizes the remaining difference in current profit or loss.

**4. Consolidated financial statements**

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity of the investee, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

## **5. Cash and cash equivalents**

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

## **6. Financial instruments**

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

*Recognition and derecognition of financial instruments*

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through arrangement”; and either the Group has transferred substantially all the risks and rewards of the financial asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in current profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that under contracts whose terms require delivery within the time frame period generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

*Classification and measurement of financial assets*

According to the Group’s corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Group’s financial assets are, on initial recognition, classified into the following categories: financial assets measured at amortized cost and financial assets at fair value through profit or loss. Only when the business model for managing financial assets is changed by the Group, the Group will reclassify the related financial assets affected.



A financial asset is recognized initially at fair value. The accounts receivable or notes receivable generated from sales of goods or services, which do not contain a significant financing component or do not consider a financing component over one year, initially are measured at trading price.

For financial assets at fair value through profit or loss, relevant transaction costs are included in current profit or loss. Transaction costs associated with other types of financial assets are included in their initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

*Debt instrument investment at amortized cost*

Financial assets are classified as financial assets at amortized cost if the financial assets meet the following conditions: the objective of the Group's business model for managing such financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows generated on a specific date are solely payment of the principal and the interest based on the outstanding principal amount. Such financial assets recognize interest income by using the effective interest method. The gains or losses arising from derecognition, adjustment or impairment are recognized in current profit or loss. This type of financial assets mainly consists of cash and bank balances, accounts receivable, financial investments: debt investments and other assets (financial assets).

*Financial assets at fair value through profit or loss*

Other than financial assets measured at amortized cost, all financial assets are classified as financial assets at fair value through profit or loss, which are subsequently measured at fair value and any change of which is recognised in current profit or loss. Such type of financial assets shall be classified as financial investments: financial assets held for trading.

Only when the accounting mismatch can be eliminated or significantly reduced, a financial asset can be designated as the financial asset at fair value through profit or loss during initial recognition.

A financial asset which has been designated as financial asset at fair value through profit or loss upon initial recognition cannot be reclassified as other types of financial assets; neither can other types of financial assets be redesignated, after initial recognition, as financial assets at fair value through profit or loss.

***Classification and measurement of financial liabilities***

The financial liabilities of the Group are classified as financial liabilities measured at amortized cost on initial recognition. Transaction costs associated with financial liabilities measured at amortized cost are included in their initial recognition amounts.

***Financial liabilities measured at amortized cost***

Such financial liabilities are measured at amortized cost subsequently based on effective interest method.

***Impairment on financial instruments***

The Group impairs financial assets measured at amortized cost and lease receivables and recognizes a loss provision based on expected credit losses.

For receivables that do not contain significant financing components, the Group uses a simplified measurement method to measure the loss provision based on an amount equal to the expected credit loss over the entire duration of the receivable.

The Group assesses at each balance sheet date whether there has been a significant increase in credit risk since the initial recognition of financial assets other than those for which the simplified measurement method is used as described above. If the credit risk has not increased significantly since the initial recognition, it is in the first stage, and the Group measures the loss provision at an amount equal to the expected credit losses in the next 12 months and calculates interest income on the basis of the book balance and the effective interest rate. If there has been a significant increase in credit risk since initial recognition but no credit impairment has occurred, it is in the second stage, and the Group measures the loss provision at an amount equal to the expected credit losses over the entire duration and calculates interest income on the basis of the book balance and the effective interest rate. If a credit impairment occurs after initial recognition, it is in the third stage, and the Group measures the loss provision at an amount equal to the expected credit loss over the entire duration and calculates interest income based on amortized cost and the effective interest rate.

The Group assesses expected credit losses on financial instruments on an individual and portfolio basis. The Group assesses the expected credit losses on financial instruments on the basis of ageing portfolios and overdue ageing portfolios, taking into account the credit risk characteristics of different customers.

The Group considers reasonable and evidence-based information about past events, current conditions and projections of future economic conditions when assessing expected credit losses.

Factors reflected in the Group's method for measuring expected credit losses on financial instruments include: An unbiased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and well-founded information about past events, current conditions, and projections of future economic conditions that can be obtained at the balance sheet date without unnecessary additional cost or effort.

A financial asset is credit-impaired when one or more events that have an adverse effect on the expected future cash flows of the financial asset occur.

When the Group no longer has a reasonable expectation of recovering all or part of the contractual cash flows from a financial asset, the Group directly writes down the book balance of the financial asset.

#### *Transfer of financial assets*

The Group derecognizes a financial asset when it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognized if substantially all the risks and rewards of ownership of the financial asset are retained.

Where the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it shall be dealt with as follows: If control over the financial asset is relinquished, the financial asset is derecognized and the resulting assets and liabilities are recognized; If control over the financial asset has not been relinquished, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and a corresponding liability is recognized.

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

## 7. Long-term equity investment

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates. Long-term equity investments are initially measured at initial investment cost upon acquisition.

Long-term equity investments in which the Company is able to exercise control over the investee are accounted for using the cost method in the Company's individual financial statements. Control means having power over an investee, enjoying variable returns through participation in the investee's relevant activities, and having the ability to exercise that power over the investee to affect the amount of those returns.

Under the cost method, long-term equity investments are measured at initial investment cost. The cost of long-term equity investments is adjusted if additional investments are made or the investments are recovered. Cash dividends or profits declared by the investee are recognized as current investment income.

Long-term equity investments in which the Group has common control or significant influence over the investee are accounted for using the equity method. Common control is control that is shared over an arrangement in accordance with the relevant agreements and where the relevant activities of the arrangement can only be decided upon with the unanimous consent of the participants who share the control. Significant influence means having the power to participate in the decision-making process with respect to the financial and operating policies of an investee, but not having the ability to control, or share in the control of, the formulation of those policies with other parties.

Under the equity method, the excess of the initial investment cost of a long-term equity investment over the Group's share in the fair value of the investee's identifiable net assets at the time of investment is included in the initial investment cost of the long-term equity investment. If the initial investment cost of a long-term equity investment is less than the Group's share in the fair value of the investee's identifiable net assets at the time of investment, the difference is recognized in current profit or loss and the cost of the investment is adjusted accordingly.

Under the equity method, after the acquisition of a long-term equity investment, the investment income or loss and other comprehensive income are recognized in accordance with the Group's share in the investee's net profit or loss and other comprehensive income realized by the investee, and the book value of the long-term equity investment is adjusted accordingly. In recognizing the share in the investee's net profit or loss, it shall be recognized after adjusting the net profit of the investee based on the fair value of the identifiable assets of the investee at the

time when the investment is acquired, in accordance with the Group's accounting policies and accounting periods, and after offsetting the portion of profit or loss from internal transactions with associates and joint ventures attributable to the investor in accordance with its proportionate share of the profit or loss (However, if the internal transaction loss is an asset impairment loss, it shall be recognized in full), except when the assets invested or disposed of constitute a business. The book value of long-term equity investments is correspondingly reduced by the Group's share in the investee's profits or cash dividends declared by the investee. The Group recognizes net losses incurred by the investee to the extent that the book value of the long-term equity investment and other long-term interests that, in substance, form part of the net investment in the investee are written down to zero, except when the Group has an obligation to assume the additional losses. For other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution of the investee, adjustment shall be made to the book value of long-term equity investment and included in owners' equity.

## 8. Fixed assets

Fixed assets are recognized only when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. Subsequent expenditures relating to fixed assets are included in the cost of the fixed assets if the conditions for recognition are met, and the book value of the replaced part is derecognized; otherwise, they are included in current profit or loss as incurred.

Fixed assets are initially measured at cost. The cost of acquisition of a fixed asset includes the purchase price, related taxes and other expenses that are directly attributable to the fixed asset before it reaches the intended serviceable state. Depreciation of fixed assets is provided for using the straight-line depreciation method. The service lives, estimated net residual values and annual depreciation rates for each category of fixed assets are as follows:

	<b>Service life</b>	<b>Estimated net residual value</b>	<b>Annual depreciation rate</b>
Houses and buildings	31.83 years	5%	2.98%
Electronic equipment	5 years	5%	19.00%
Office furniture	5 years	5%	19.00%

The Group reviews the service lives, estimated net residual values and depreciation methods of its fixed assets at least annually at the end of each year and makes adjustments where necessary.

**9. Investment properties**

Investment properties are the properties held to earn rent or for capital appreciation, or both.

Investment properties are initially measured at cost. Subsequent expenditures relating to an investment property are included in the cost of the investment property if it is probable that the economic benefits associated with the asset will flow into the Group and its cost can be measured reliably. Otherwise, it is recognized in current profit or loss as incurred.

The Group uses the cost model for subsequent measurement of investment properties.

	<b>Service life</b>	<b>Estimated net residual value</b>	<b>Annual depreciation rate</b>
Houses and buildings	31.83 years	5%	2.98%

The Group reviews the service lives, estimated net residual values and depreciation methods of its investment properties at least annually at the end of each year and makes adjustments where necessary.

**10. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized, and other borrowing costs are included in current profit or loss.

Capitalization of borrowing costs begins when capital expenditures and borrowing costs have been incurred and acquisition, construction or production activities necessary to bring the asset to its intended usable or saleable condition have commenced.

Capitalization of borrowing costs ceases when the assets acquired, constructed or produced that qualify for capitalization reach their intended usable or saleable condition. Borrowing costs incurred after that date are included in current profit or loss.

The amount of interest capitalized for each accounting period during the capitalization period is determined as follows: For special borrowings, it shall be determined based on the interest expenses actually incurred in the current period on special borrowings, net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary

investments; For general borrowings, it shall be determined based on the weighted-average amount of accumulated asset expenses in excess of the portion of special borrowings multiplied by the capitalization rate of the general borrowings occupied.

The capitalization of borrowing costs is suspended when there is an abnormal interruption other than that necessary to achieve the intended usable or saleable condition of the assets eligible for capitalization in the process of acquisition, construction or production, and the interruption lasts for more than three consecutive months. Borrowing costs incurred during the interruption period are recognized as an expense and included in the current profit or loss until the recommencement of the asset acquisition, construction or production activities.

### 11. Intangible assets

Intangible assets are amortized using the straight-line method over their service lives, which are stated below:

	<b>Service life</b>
Software	3 years

### 12. Asset impairment

Impairment of assets other than deferred income tax and financial assets is determined as follows: The Group determines at the balance sheet date whether there is any indication that an asset may be impaired, and if there is such an indication, the Group estimates its recoverable amount and carries out tests for impairment. Goodwill arising from business combinations, intangible assets with indefinite service lives and intangible assets not yet ready for use are tested for impairment at least at the end of each year, regardless of whether there is any indication of impairment.

The recoverable amount is determined based on the higher of the asset's fair value, net of disposal costs, and the present value of the asset's estimated future cash flows. The Group estimates the recoverable amount on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of an asset group is determined on the basis of the asset group to which the asset belongs. The identification of an asset group is based on whether the major cash inflows generated from the asset group are independent of those from other assets or groups of assets.

When the recoverable amount of an asset or a group of assets is less than its book value, the Group writes down the book value to its recoverable amount, and the amount of the write-down is recognized in the current profit or loss, with a corresponding provision for impairment of the asset.

Impairment losses on the above assets, once recognized, are not reversed in subsequent accounting periods.

### **13. Employee benefits**

Employee benefits refers to various forms of benefits or compensation given by the Group to obtain services provided by employees or terminate labor relations. Employee benefits includes short-term salary, post-employment welfare, termination welfare and other long-term employee welfare.

#### *Post-employment welfare (Defined contribution plans)*

The Group's employees participate in pension insurance and unemployment insurance administered by the local government, as well as enterprise annuities, and the corresponding expenses are recognized in the cost of the related assets or in current profit or loss as incurred.

### **14. Estimated liabilities**

Except for contingent consideration and contingent liabilities assumed in business combination not involving entities under common control, the Group recognizes obligations related to contingencies as estimated liabilities when the obligation is a present obligation of the Group and it is probable that the performance of the obligation will result in an outflow of economic benefits from the Group and the amount can be measured reliably.

Estimated liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors such as the risks, uncertainties and time value of money associated with the contingency. The book value of estimated liabilities is reviewed at the balance sheet date.

### **15. Other equity instruments**

In accordance with the work plan of the provincial party committee and provincial government of Henan Province in relation to the reform and reorganization of city commercial banks, the funds raised by the municipal governments of Luoyang, Pingdingshan and Jiaozuo in



Henan Province were appropriated to the Group in the form of equity capital contribution. The Group has no contractual obligation to pay cash or other financial assets. Therefore, the above fund is classified as an equity instrument.

#### **16. Income from contracts with customers**

The Group recognizes income when it has fulfilled its performance obligations under a contract, i.e. when the customer has acquired the control of the relevant goods or services. Acquiring control of the relevant goods or service means being able to direct the use of the goods or the provision of the service and derive substantially all of the economic benefits therefrom.

##### *Fee and commission income*

The Group's contracts for the provision of services with its customers typically contain performance obligations for asset management operations. Because the customer obtains and consumes the economic benefits arising from the Group's performance at the same time as the Group performs the contract, and the Group is entitled to payments for the cumulative portion of performance completed to date throughout the term of the contract, the Group recognizes income in accordance with the progress of performance as if the performance obligation had been fulfilled within a certain period of time, unless the progress of performance is not reasonably determinable.

##### *Interest income*

The Group recognizes its interest income on the basis of the timing of use of its cash and bank balance by others and the effective interest rate.

#### **17. Contract assets and contract liabilities**

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The Group presents contract assets and contract liabilities under the same contract on a net basis after offsetting them against each other.

##### *Contract assets*

A contract asset is a right to receive consideration for goods or services that have been transferred to a customer, which depends on factors other than the passage of time.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to customers for which consideration has been received or is receivable from the customer, such as amounts received by the enterprise prior to the transfer of the promised goods or services.

**18. Government grants**

Government grants are recognized when the conditions attached to them can be met and they can be received. If government grants are monetary assets, they are measured at the amount received or receivable. Government grants are measured at fair value if they are non-monetary assets. If the fair value cannot be reliably obtained, they shall be measured at the nominal amount. Government grants related to income, which are used to compensate for the related costs and expenses or losses in future periods, are recognized as deferred income and are included in current profit or loss or offset against the relevant cost in the period in which the related costs and expenses or losses are recognized. When used to compensate for the related costs or losses incurred, they are recognized directly in current profit or loss or offset against the relevant costs. Government grants related to an asset are either offset against the book value of the asset or recognized as deferred income and included in profit or loss on a rational and systematic basis over the service life of the asset (except for government grants that are measured at nominal amounts, which shall be included directly in current profit or loss). If the related asset is sold, transferred, retired or damaged before the end of its service life, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the asset is disposed of.

**19. Deferred income tax**

The Group provides for deferred income tax using the balance sheet liability method, based on the temporary differences between the book values and tax bases of assets and liabilities at the balance sheet date and the temporary differences arising from differences between the book values and tax bases of items not recognized as assets and liabilities but for which a tax basis can be established in accordance with the provisions of the tax law.

Deferred income tax liabilities are recognized for all taxable temporary differences. Except:

- (1) Taxable temporary differences arise from the following transactions: The initial recognition of goodwill or the initial recognition of an asset or liability arising from a transaction that has the following characteristics: The transaction is not a business combination, the transaction occurs in a manner that affects neither the accounting profit

nor taxable income or deductible losses, and the assets and liabilities initially recognized do not give rise to equivalent taxable temporary differences and deductible temporary differences;

- (2) For taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to future years, the Group recognizes deferred income tax assets arising therefrom to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except:

- (1) Deductible temporary differences arise from the following single transactions: The transaction is not a business combination, the transaction occurs in a manner that affects neither the accounting profit nor taxable income or deductible losses, and the assets and liabilities initially recognized do not give rise to equivalent taxable temporary differences and deductible temporary differences;
- (2) For deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the temporary differences can be utilized.

The Group measures deferred income tax assets and deferred income tax liabilities at the balance sheet date at the tax rates that are expected to apply in the period in which the asset is expected to be recovered or the liability settled, in accordance with tax law, and reflects the income tax effect of the manner in which the asset is expected to be recovered or the liability settled at the balance sheet date.

At the balance sheet date, the Group reviews the book value of deferred income tax assets. The book value of deferred income tax assets will be written down if it is probable that sufficient taxable income will not be available to offset the benefit of the deferred income tax assets in future periods. At the balance sheet date, the Group reassesses the unrecognized deferred income tax assets and recognizes deferred income tax assets to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to reverse.

Deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting against each other when all the following conditions are met: the enterprise has the legal right to settle current income tax assets and current income tax liabilities on a net basis. The deferred income tax assets and deferred income tax liabilities are related to the income taxes levied by the same taxing authority on the same taxable entity or on different taxable entities, but in each future period in which deferred income tax assets and deferred income tax liabilities of significance are reversed, the taxable entities involved intend to either settle current income tax assets and current income tax liabilities on a net basis or to acquire assets and settle liabilities simultaneously.

## 20. Lease

At the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one of the parties to the contract assigns the right to control the use of one or more identified assets for a period of time in exchange for consideration.

### *As the lessee*

Except for short-term leases and leases of low-value assets, the Group recognizes right-of-use assets and lease liabilities for leases.

### *Right-of-use assets*

At the commencement date of the lease term, the Group recognizes its right to use the leased asset over the lease term as a right-of-use asset, which is initially measured at cost. The cost of the right-of-use asset consists of: the initial measurement amount of the lease liability; and lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives that have been taken; initial direct costs incurred by the lessee; Costs that the lessee is expected to incur to dismantle and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon in the lease clauses. Where the Group remeasures a lease liability due to the changes in lease payments, the book value of the right-of-use asset is adjusted accordingly. The Group subsequently depreciates its right-of-use assets using the straight-line depreciation method. If there is reasonable certainty that the ownership of the leased assets will be obtained when the lease term expires, the Group depreciates the leased assets over their remaining service lives. If it is not reasonably certain that the Group will obtain ownership of the leased assets by the end of the lease term, the Group depreciates the leased assets over the shorter of the lease term or the remaining service life of the leased assets.

*Lease liabilities*

At the commencement date of the lease term, the Group recognizes the present value of the lease payments outstanding as a lease liability, except for short-term leases and leases of low-value assets. Lease payments include fixed payments and substantively fixed payments net of lease incentives, variable lease payments that depend on indices or ratios, and projected payments based on the residual value of guarantees. It also includes the exercise price of the option to purchase or the amount to be paid if the option to terminate the lease is exercised, provided that it is reasonably certain that the Group will exercise the option or the lease term reflects that the Group will exercise the option to terminate the lease.

In calculating the present value of lease payments, the Group uses the interest rate embedded in the lease as the discount rate. If the interest rate embedded in the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense on lease liabilities at a fixed periodic rate for each period during the lease term and recognizes it in current profit or loss, unless otherwise stated that it should be included in the cost of the related assets. Variable lease payments that are not included in the measurement of the lease liability are recognized in current profit or loss when they are incurred, unless otherwise stated that they should be included in the cost of the related assets.

After the commencement date of the lease term, the Group increases the carrying amount of the lease liability when it recognizes interest and decreases the carrying amount of the lease liability when it makes lease payments. When there is a change in the substantively fixed payments, a change in the amount expected to be payable on the balance of the guarantee, a change in the index or ratio used to determine the lease payments, a change in the valuation results or actual exercise of the option to purchase, renew or terminate the lease, the Group remeasures the lease liability based on the present value of the lease payments after the change.

*Short-term leases and leases of low-value assets*

The Group recognizes the leases which have a term of not more than 12 months and do not include an option to purchase as short-term leases at the commencement date of the lease term; and recognizes the leases in which the individual leased asset is an entirely new asset and has a low value as low-value asset leases. The Group has elected not to recognize the right-of-use assets and lease liabilities for short-term leases of houses and buildings. They are included in the cost of the related assets or current profit or loss on a straight-line basis for each period during the lease term.

*As the lessor*

Leases in which substantially all the risks and rewards of ownership of the leased asset are substantially transferred at the commencement date of the lease are classified as finance leases; all other leases are classified as operating leases. When the Group acts as a sublease lessor, it classifies the sublease based on the right-of-use assets arising from the original lease.

*As the lessor of finance lease*

At the commencement date of the lease term, the Group recognizes the finance lease receivables in respect of the finance lease and derecognizes the finance lease assets. When the Group initially measures finance lease receivables, the net investment in leases is used as the book value of the finance lease receivables. Net investment in leases is the sum of the unguaranteed residual value and the present value of lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease, including initial direct expenses. The Group calculates and recognizes interest income at a fixed periodic rate for each period during the lease term. Variable lease payments acquired by the Group that are not included in the measurement of net investment in leases are recognized in current profit or loss when they are actually incurred.

*As the lessor of operating lease*

Rental income from operating leases is recognized in current profit or loss on a straight-line basis in each period during the lease term, and variable lease payments that are not included in the lease receipts are included in current profit or loss when they are actually incurred. Initial direct expenses capitalized are amortized over the lease term on the same basis as rental income is recognized and are included in current profit or loss in installments.

Where a change in an operating lease occurs, the Group accounts for it as a new lease from the effective date of the change, and lease receipts in advance or receivables relating to the lease before the change are treated as receipts under the new lease.

**21. Fair value measurement**

The Group measures its financial assets held for trading at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs — quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 inputs — the observable inputs, either directly or indirectly, of the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs — unobservable inputs of the relevant assets or liabilities.

At each balance sheet date, for assets and liabilities recognized in the financial statements that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessment.

## **22. Significant accounting judgments and estimates**

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. The results of uncertainty about these assumptions and estimates could result in a material adjustment to the book value of the assets or liabilities affected in the future.

### *Judgments*

In the process of applying the Group's accounting policies, the management has made the following judgments that have a significant effect on the amounts recognized in the financial statements:

### *Business model*

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyze and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

*Characteristics of contract cash flow*

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgment is required to determine whether the contract cash flow represents the principal and interest based on the principal outstanding only, including judgment of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of money, and judgment of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

*Combination of structured entities*

The management is required to make significant judgments about whether to control and combine structured entities, and to recognize whether it will affect the accounting method and the Group's financial position and results of operations.

In assessing control, the Group needs to consider: 1) the investor's power over the investee; 2) the variable returns to which it is entitled as a result of its involvement in the investee's underlying activities; and 3) the amount of its ability to use its power over the investee to affect its returns.

The Group generally considers the following four aspects when assessing the powers it has over structured entities:

- (1) Decision-making in the establishment of the investee and the extent of the Group's involvement;
- (2) Relevant contractual arrangements;
- (3) Relevant activities that are carried out only when a particular situation or event occurs;
- (4) Commitments made by the Group to investees.

In determining whether the Group controls a structured entity, it is also necessary to consider whether the Group's decision-making behavior is carried out in the capacity of a principally liable person or in the capacity of an agent. Factors considered typically include the extent of the Group's decision-making authority over the structured entity, the substantive rights enjoyed by other parties, the level of the Group's remuneration, and the Group's exposure to variable returns as a result of holding other interests in the structured entity.



*Uncertainty of estimates*

The following key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date could result in material adjustments to the book value of assets and liabilities in future accounting periods.

*Impairment of financial instruments*

The Group uses the expected credit losses model to conduct assessment on the impairment of financial instruments. The application of expected credit losses model requires significant judgments and estimates and takes into account all reasonable and reliable information, including forward-looking information. When making such judgments and estimates, the Group predicts the expected changes in credit risk of the obligor based on its historical data of repayment together with factors such as economic policy, macroeconomic indicators and industry risk. Differences in estimates may have an impact on the provision for impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

*Impairment of non-current assets other than financial assets (other than goodwill)*

The Group assesses whether there are any indication of impairment for non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite service lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there is indication that the book value may not be recoverable. An impairment is indicated when the book value of an asset or asset group exceeds the recoverable amount, which is the higher of the fair value less costs of disposal and the present value of estimated future cash flows. The fair value less costs of disposal is determined with reference to the price in sales agreement or observable market price in arm's length transaction, less incremental costs that would be directly attributable to the disposal of the asset. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to determine the present value of those future cash flows.

*Fair value of non-listed equity investment*

The Group determines the fair value of non-listed equity investment using the market approach. This requires the Group to ascertain comparable listed companies, select market multiples and make estimates on liquidity discounts, thereby giving rise to uncertainties.

*Lessee's incremental borrowing rate*

For a lease with uncertain interest rate, the Group adopts the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payment. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which the Group operates. On this basis, the interest rate as reference is adjusted to get the applicable incremental borrowing rate, according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions of leasing business.

*Deferred income tax assets*

Deferred income tax assets should be recognized for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available against which the deductible losses can be utilized. Significant judgment by the management is required to determine the amount of deferred income tax asset that can be recognized, based upon the likely timing and amount of future taxable income together with future tax planning strategies.

**IV. TAXATION**

The Group's major categories of taxes and respective tax rates for the year are set out below:

Value-added tax (VAT)	—	Output tax is payable at a tax rate of 9% and 6% on the taxable income, and VAT payable is the difference of VAT output less deductible VAT input for the current period.
Urban maintenance and construction taxes	—	7% of the turnover tax payable.
Corporate income tax	—	25% of the taxable income.
Housing property tax	—	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12%.

In accordance with the relevant tax regulations issued by the State, the partners of an equity investment enterprise established in the form of a limited partnership shall pay income tax on the operating income and other income respectively.

## V. CONSOLIDATION SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Subsidiaries

The status of the Company's subsidiaries is as follows:

	Principal place of business/ registration	Business nature	Registered capital <i>Expressed in RMB'0000</i>	Shareholding proportion		Proportion of voting rights	Note
				Direct	Indirect		
Henan Asset Finance & Leasing Co., Ltd. (河南資產融資租賃有限公司)	Henan/Zhengzhou	Finance leases	100,000	100%	—	100%	
Henan Asset Fund Management Co., Ltd.	Henan/Zhengzhou	Private fund management	1,000	100%	—	100%	
Zhumadian Pangu Asset Management Co., Ltd. (駐馬店盤古資產管理有限公司)	Henan/Zhumadian	Investments in distressed assets	100,000	51%	—	51%	
Shangqiu Guide Asset Management Co., Ltd. (商丘歸德資產管理有限公司)	Henan/Shangqiu	Investments in distressed assets	100,000	51%	—	51%	
Luohe Asset Management Co., Ltd. (漯河資產管理有限公司)	Henan/Luohe	Investments in distressed assets	100,000	51%	—	51%	
Henan Asset Shangfa Shenhuo Green Development Fund (Limited Partnership) (河南資產商發神火 綠色發展基金(有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	60,100	—	33.33%	—	Note 1
Henan Xinheng Enterprise Management Partnership (Limited Partnership) (河南信恆企 業管理合夥企業(有限合夥))	Henan/Zhengzhou	Corporate management consulting	23,200	61.21%	—	—	Note 1
Henan Xinhou Enterprise Management Partnership (Limited Partnership) (河南信厚企業管理合夥企 業(有限合夥))	Henan/Xuchang	Corporate management consulting	8,100	71.59%	—	—	Note 1
Henan Xinde Commercial Operation Management Partnership Enterprise (Limited Partnership) (河南信德商業運營管理合夥企業(有限合夥))	Henan/Shangqiu	Commercial operation management	6,100	66.67%	—	—	Note 1
Henan Asset Enterprise Transformation and Development Fund (Limited Partnership) (河南資產企業轉型發展基金(有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	50,500	79.21%	0.99%	—	Note 1
Henan Hongpu Equity Investment Fund (Limited Partnership) (河南泓樸股權投資基金 (有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	100,100	100%	—	100%	Note 1
Henan Hongchu Equity Investment Fund (Limited Partnership) (河南泓初股權投資基金 (有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	20,100	100%	—	100%	Note 1

	Principal place of business/ registration	Business nature	Registered capital <i>Expressed in RMB'0000</i>	Shareholding proportion		Proportion of voting rights	Note
				Direct	Indirect		
Henan Hongsheng Equity Investment Fund (Limited Partnership) (河南泓盛股權投資基金(有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	100,100	100%	—	100%	Note 1
Henan Hongyuan Equity Investment Fund (Limited Partnership) (河南泓遠股權投資基金(有限合夥))	Henan/Zhengzhou	Non-securities equity investing activities	50,100	100%	—	100%	Note 1
Luoyang Asset Management Co., Ltd. (洛陽資產管理有限公司)	Henan/Luoyang	Investments in distressed assets	100,000	51%	—	51%	
Henan Xinqiang Enterprise Management Partnership (Limited Partnership) (河南信強企業管理合夥企業(有限合夥))	Henan/Luoyang	Investments in distressed assets	49,700	100%	—	100%	Note 1
Henan Asset Hongxin Investment Management Co., Ltd. (河南資產泓信投資管理有限公司)	Henan/Zhengzhou	Investment management	1,000	100%	—	100%	Note 2

The status of the Company's subsidiaries is as follows:

*Note 1:* In respect of the above enterprises, Henan Asset Fund Management Co., Ltd, a subsidiary of the Company, is the general partner and fund manager of these enterprises and has the right to determine their financial and operating policies, while the Company or other subsidiaries are the limited partners and hold a larger proportion of the shares. The Group therefore has the power over the above enterprises, enjoys the variable returns by participating in the relevant activities of these enterprises and has the ability to utilize the power over the above enterprises to influence the amount of the returns, thus realizing the control over them.

*Note 2:* The above enterprises were newly established this year.

The scope of the consolidated financial statements is consistent with the previous year, except for the establishment of new partnerships.

**2. Significant non-controlling interests**

Subsidiaries with significant non-controlling interests are listed below:

	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulated non-controlling interests at the end of the year
Zhumadian Pangu Asset Management Co., Ltd. (駐馬店盤古資產管理有限公司)	49.00%	21,954,358.85	—	529,221,598.65
Shangqiu Guide Asset Management Co., Ltd. (商丘歸德資產管理有限公司)	49.00%	35,051,898.93	—	554,283,056.38
Luohe Asset Management Co., Ltd. (漯河資產管理有限公司)	49.00%	3,468,398.65	—	510,381,251.27
Henan Xinhou Enterprise Management Partnership (Limited Partnership) (河南信厚企業管理合夥 企業(有限合夥))	28.41%	(3,704,951.47)	—	—
Henan Asset Enterprise Transformation and Development Fund (Limited Partnership) (河南資產企業轉型發展基金(有限合夥))	19.80%	294,693.13	—	107,332,147.47
Henan Xinheng Enterprise Management Partnership (Limited Partnership) (河南信恆企業管理合夥 企業(有限合夥))	38.79%	23,770,033.93	2,086,068.31	45,817,097.82
Henan Xinde Commercial Operation Management Partnership Enterprise (Limited Partnership) (河南信德商業運營管理合夥企業(有限合夥))	33.33%	(692,545.41)	—	4,450,168.30
Henan Asset Shangfa Shenhua Green Development Fund (Limited Partnership) (河南資產商發神火 綠色發展基金(有限合夥))	66.67%	308,905,432.34	297,772,103.41	252,276.74

## VI. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash and bank balances

	31 December 2023	31 December 2022
Deposits in bank	1,433,745,010.13	1,754,847,952.34
Other cash and bank balances	<u>1,020,935.71</u>	<u>11,556,622.57</u>
Total	<u><u>1,434,765,945.84</u></u>	<u><u>1,766,404,574.91</u></u>

## 2. Financial assets held for trading

	31 December 2023	
Financial assets at fair value through profit or loss	Cost	Fair value
Distressed assets	13,860,040,761.22	13,682,987,157.11
Listed shares	94,600,451.54	142,053,273.60
Unlisted equity	3,517,405,667.49	3,326,392,320.23
Private investment fund	1,070,881,705.03	947,375,911.24
Trust plan	1,353,189,915.85	1,153,189,915.85
Wealth management products	<u>275,000,000.00</u>	<u>275,000,000.00</u>
Total	<u><u>20,171,118,501.13</u></u>	<u><u>19,526,998,578.03</u></u>

31 December 2022

Financial assets at fair value through profit or loss	Cost	Fair value
Distressed assets	12,878,357,816.35	12,807,930,053.86
Listed shares	360,677,088.28	343,857,546.33
Unlisted equity	3,701,060,600.00	3,581,252,466.50
Private investment fund	1,062,113,546.65	1,331,557,051.31
Trust plan	1,847,000,000.00	1,647,000,000.00
Wealth management products	110,000,000.00	110,000,000.00
Total	<u>19,959,209,051.28</u>	<u>19,821,597,118.00</u>

**3. Debt investments**

	31 December 2023		
	Book balance	Provision for impairment	Book value
Distressed assets	6,729,886,563.12	(1,229,382,795.79)	5,500,503,767.33
<i>Including: Direct investment</i>	5,091,436,669.03	(434,898,816.83)	4,656,537,852.20
<i>Investments through</i>			
<i>trust plans</i>	1,638,449,894.09	(794,483,978.96)	843,965,915.13
Finance lease receivables	519,816,937.64	(30,578,032.06)	489,238,905.58
Total	<u>7,249,703,500.76</u>	<u>(1,259,960,827.85)</u>	<u>5,989,742,672.91</u>

**APPENDIX I**
**AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED**

	31 December 2022		
	Book balance	Provision for impairment	Book value
Distressed assets	8,832,922,663.39	(971,944,254.12)	7,860,978,409.27
<i>Including: Direct investment</i>	6,030,732,586.32	(315,111,926.58)	5,715,620,659.74
<i>Investments through</i>			
<i>trust plans</i>	2,802,190,077.07	(656,832,327.54)	2,145,357,749.53
Trust plan	201,814,133.33	(85,309,064.79)	116,505,068.54
Finance lease receivables	255,772,018.93	(2,901,314.47)	252,870,704.46
Total	<u>9,290,508,815.65</u>	<u>(1,060,154,633.38)</u>	<u>8,230,354,182.27</u>

The movements in provision for bad debts for debt investments are as follows:

	2023	2022
Opening balance	<b>1,060,154,633.38</b>	715,657,772.35
Accrual for the current year	<b>671,944,683.38</b>	672,404,881.85
Reversal of the current year	<b>(472,138,488.91)</b>	(124,293,048.31)
Write-offs of the current year	—	(203,614,972.51)
Closing balance	<u><b>1,259,960,827.85</b></u>	<u>1,060,154,633.38</u>

**4. Long-term equity investment**

	31 December 2023	31 December 2022
Joint ventures accounted for under the equity method	<b>54,988,954.11</b>	4,988,954.11
Associates accounted for under the equity method	<b>7,544,242,894.42</b>	4,733,882,494.30
Less: Provision for impairment of long-term equity investments	<b>461,023,799.57</b>	271,175,366.08
Total	<u><b>7,138,208,048.96</b></u>	<u>4,467,696,082.33</u>



## Key information on joint ventures and associates:

	Principal place of business/ registration	Business nature	Registered capital <i>Expressed in RMB'0000</i>	Shareholding ratio of the Group	Proportion of voting rights of the Group
<b>Joint venture</b>					
Henan Asset Jianyuan Stable Development Equity Investment Partnership (Limited Partnership) (河南資產建源穩定發展股權投資合夥企業(有限合夥))	Zhengzhou	Equity investment	500,000.00	50.00%	Note 1
<b>Associates</b>					
Henan Senyuan Electric Co., Ltd.	Xuchang	High- and low-voltage distribution equipment	92,975.70	3.57%	Note 2
Zhongyuan Environmental Protection Co., Ltd.	Zhengzhou	Environment and utilities	97,468.45	4.95%	Note 2
Zhengzhou Coal Mining Machinery Group Company Limited	Zhengzhou	Manufacturing of specialized equipment	177,477.14	4.39%	Note 2
Luoyang Single Crystal Silicon Group Co., Ltd.	Luoyang	Non-ferrous metal building materials	52,810.53	19.52%	19.52%
MCL Electronic Materials Co., Ltd.	Luoyang	Development and production of single crystal silicon	15,000.00	20.00%	20.00%
Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司)	Zhengzhou	Capital market services	400,000.00	7.50%	Note 2
Zhengzhou Hengda Intelligent Control Technology Co., Ltd. (鄭州恆達智控科技股份有限公司)	Zhengzhou	General equipment manufacturing	36,000.00	1.61%	Note 2
Hongyi Investment Management (Henan) Partnership Enterprise (Limited Partnership) (泓羿投資管理(河南)合夥企業(有限合夥))	Zhengzhou	Industrial investment	300,200.00	24.93%	24.93%
Jiaxing Junpeng Investment Partnership (Limited Partnership) (嘉興君鵬投資合夥企業(有限合夥))	Jiaxing	Industrial investment	7,505.00	99.93%	Note 1
Henan Xinchang Investment Management Center (Limited Partnership) (河南信昌投資管理中心(有限合夥))	Zhengzhou	Investments in distressed assets	30,600.00	77.45%	Note 1
Henan Xinze Investment Partnership Enterprise (Limited Partnership) (河南信澤投資合夥企業(有限合夥))	Xinxiang	Investments in distressed assets	22,200.00	48.65%	Note 1
Henan Xinye Enterprise Management Partnership (Limited Partnership) (河南信業企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	100,100.00	59.94%	Note 1
Henan Xinqu Enterprise Management Partnership (Limited Partnership) (河南信渠企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	3,600.00	83.33%	Note 1
Henan Xinshuo Enterprise Management Partnership (Limited Partnership) (河南信碩企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	20,000.00	69.50%	Note 1
Henan Xinneng Enterprise Management Partnership (Limited Partnership) (河南信能企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	20,100.00	79.60%	Note 1
Henan Lingxin Enterprise Management Partnership (Limited Partnership) (河南領信企業管理合夥企業(有限合夥))	Xuchang	Investments in distressed assets	40,050.00	79.90%	Note 1

	Principal place of business/ registration	Business nature	Registered capital <i>Expressed in RMB'0000</i>	Shareholding ratio of the Group	Proportion of voting rights of the Group
Henan Hongsong Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓松股權投資基金合夥企業(有限合夥))	Zhengzhou	Industrial investment	50,100.00	89.50%	Note 1
Henan Xinda Xingshang Enterprise Management Partnership (Limited Partnership) (河南信達興商企業管理合夥企業(有限合夥))	Zhoukou	Investments in distressed assets	7,699.00	61.02%	Note 1
Henan XinPan Enterprise Management Partnership (Limited Partnership) (河南信攀企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	20,000.00	49.50%	Note 1
Zhumadian Zhongwei Rescue Investment Partnership (Limited Partnership) (駐馬店市中維紓困投資基金合夥企業(有限合夥))	Zhumadian	Investments in distressed assets	90,200.00	66.52%	Note 1
Xinxiang Zhongxingqiyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新啟原企業管理合夥企業(有限合夥))	Xinxiang	Investments in distressed assets	31,310.00	63.91%	Note 1
Henan Xinyu Zhenggao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	100,000.00	70.00%	Note 1
Henan Xinxue Enterprise Management Partnership (Limited Partnership) (河南信學企業管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	80,020.00	62.50%	Note 1
Henan Jinshui Urban Renewal Management Partnership Enterprise (Limited Partnership) (河南金水城市更新管理合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	300,020.00	80.00%	Note 1
Xinyang Yushen Stable Development Enterprise Management Partnership (Limited Partnership) (信陽豫申穩定發展企業管理合夥企業(有限合夥))	Xinyang	Investments in distressed assets	100,000.00	70.00%	Note 1
Shenma Industrial Co., Ltd.	Pingdingshan	Chemical fiber manufacturing	104,417.59	3.50%	Note 2
Xinxiang Zhongxin Fengyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新鳳源企業管理合夥企業(有限合夥))	Xinxiang	Investments in distressed assets	43,510.00	68.97%	Note 1
Henan Xinyu Debt Smoothing Investment Partnership (Limited Partnership) (河南信豫債務平滑投資合夥企業(有限合夥))	Zhengzhou	Investments in distressed assets	190,010.00	52.63%	Note 1
Luohe Shali Baojiaolou Investment Partnership (Limited Partnership) (漯河市沙澧保交樓投資合夥企業(有限合夥))	Luohe	Investments in distressed assets	100,020.00	70.04%	Note 1
Luohe Shali Relief Investment Fund Partnership (Limited Partnership) (漯河市沙澧紓困投資基金合夥企業(有限合夥))	Luohe	Investments in distressed assets	100,010.00	70.00%	Note 1
Yaxinke Industrial Technology (Nanjing) Co., Ltd. (亞新科工業技術(南京)有限公司)	Nanjing	Manufacture of automotive powertrain components and chassis system components	143,898.91	0.91%	Note 2

*Note 1:* For the above partnerships, the Company or other subsidiaries are limited partners and hold seats on the investment decision-making committee. The Company or other subsidiaries have the right to participate in the financial and operating decisions of the partnerships, but do not control or share control of these decisions with other parties. As a result, the Group has significant influence over the above enterprises, which are accounted for as joint ventures or associates.

*Note 2:* For the above companies, the Group sends directors to their boards of directors or to the boards of directors of their controlling shareholders, and has the right to participate in their financial and operating decisions, but does not have the ability to control, or join with other parties to control, these decisions. Therefore, the Group can exercise significant influence over the above companies, which are included as associates for the purpose of accounting.

**(1) Joint ventures accounted for under the equity method**

	Book value at the beginning of the year	Changes in the current year		Book value at the end of the year	Provision for impairment at the end of the year
		Additional investment	Investment gains and losses		
Henan Asset Jianyuan					
Stable Development					
Equity Investment					
Partnership (Limited					
Partnership) (河南資產					
建源穩定發展股權投資					
合夥企業(有限合夥))	4,988,954.11	50,000,000.00	—	54,988,954.11	—

## (2) Associates accounted for under the equity method

	Book value at the beginning of the year	Changes in the current year				Book value at the end of the year	Provision for impairment at the end of the year
		(Reducing)/ Additional investment	Investment gains and losses	Other comprehensive income	Cash dividends declared		
Henan Senyuan Electric Co., Ltd.	379,791,595.92	98,142.14	619,194.13	—	—	380,508,932.19	(271,175,366.08)
Zhongyuan Environmental Protection Co., Ltd.	300,634,325.95	52,158,406.25	47,842,930.60	947,930.86	(8,414,711.55)	393,168,902.11	—
Zhengzhou Coal Mining Machinery Group Company Limited	1,101,624,819.68	—	144,112,342.07	(8,976,789.20)	(43,598,439.92)	1,193,161,932.63	—
Luoyang Single Crystal Silicon Group Co., Ltd.	193,083,846.93	—	(6,366,373.39)	—	—	186,717,473.54	—
MCL Electronic Materials Co., Ltd.	278,446,373.88	—	(3,402,843.85)	—	—	275,043,530.03	—
Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司)	305,096,250.00	(300,000,000.00)	16,366,765.45	—	(21,463,015.45)	—	—
Zhengzhou Hengda Intelligent Control Technology Co., Ltd. (鄭州恆達智控科技股份有限公司)	103,396,591.72	—	11,746,807.13	—	(1,160,018.00)	113,983,380.85	—
Jiaxing Junpeng Investment Partnership (Limited Partnership) (嘉興君鵬投資合夥企業(有限合夥))	100,157,242.20	—	57,357,148.01	—	(772,855.45)	156,741,534.76	—
Hongyi Investment Management (Henan) Partnership Enterprise (Limited Partnership) (泓羿投資管理(河南)合夥企業(有限合夥))	637,733,945.12	—	129,580,683.65	(4,545,270.59)	(38,696,845.16)	724,072,513.02	—
Henan Xinchang Investment Management Center (Limited Partnership) (河南信昌投資管理中心(有限合夥))	277,576,582.84	—	(2,969,859.00)	—	—	274,606,723.84	(23,214,266.67)
Henan Xinze Investment Partnership Enterprise (Limited Partnership) (河南信澤投資合夥企業(有限合夥))	—	150,000,000.00	4,348,333.55	—	(3,788,168.31)	150,560,165.24	—
Henan Xinye Enterprise Management Partnership (Limited Partnership) (河南信業企業管理合夥企業(有限合夥))	554,492,933.95	(32,006,664.24)	3,932,211.15	—	(10,250,035.55)	516,168,445.31	(166,634,166.82)
Henan Xinqu Enterprise Management Partnership (Limited Partnership) (河南信渠企業管理合夥企業(有限合夥))	33,410,000.00	—	45,845.90	—	—	33,455,845.90	—
Henan Xinshuo Enterprise Management Partnership (Limited Partnership) (河南信碩企業管理合夥企業(有限合夥))	12,251,133.34	(3,646,772.89)	1,102,843.62	—	(353,227.11)	9,353,976.96	—
Henan Xinning Enterprise Management Partnership (Limited Partnership) (河南信能企業管理合夥企業(有限合夥))	111,752,802.75	(111,409,253.84)	14,775,108.11	—	(15,118,657.02)	—	—
Henan Lingxin Enterprise Management Partnership (Limited Partnership) (河南領信企業管理合夥企業(有限合夥))	46,633,493.14	(15,326,402.82)	3,732,870.21	—	(4,641,502.59)	30,398,457.94	—
Henan Hongsong Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓松股權投資基金合夥企業(有限合夥))	106,370,714.36	(1,160,018.00)	9,958,775.36	—	—	115,169,471.72	—

The accompanying notes to the financial statements are an integral part of the financial statements

APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

	Changes in the current year					Provision for impairment at the end of the year
	Book value at the beginning of the year	(Reducing)/ Additional investment	Investment gains and losses	Other comprehensive income	Cash dividends declared	
Henan Xinda Xingshang Enterprise Management Partnership (Limited Partnership) (河南信達興商企業管理合夥企業(有限合夥))	46,980,000.00	—	4,286,925.00	—	(4,286,925.00)	—
Henan XinPan Enterprise Management Partnership (Limited Partnership) (河南信攀企業管理合夥企業(有限合夥))	56,024,441.04	—	358,033.76	—	—	—
Zhuanadian Zhongwei Rescue Investment Partnership (Limited Partnership) (駐馬店市中維紓困投資基金合夥企業(有限合夥))	88,423,401.48	(28,924,060.00)	8,370,603.45	—	(6,714,771.07)	—
Xinxiang Zhongxinqiyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新啟原企業管理合夥企業(有限合夥))	—	200,000,000.00	14,462,257.99	—	(13,775,519.83)	—
Henan Xinyu Debt Smoothing Investment Partnership (Limited Partnership) (河南信豫債務平滑投資合夥企業(有限合夥))	—	150,075,000.00	23,664,362.31	—	(23,278,711.25)	—
Henan Xinyu Zhengtao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	—	328,847,065.33	16,430,811.48	—	(15,291,073.25)	—
Henan Xinxue Enterprise Management Partnership (Limited Partnership) (河南信學企業管理合夥企業(有限合夥))	—	236,560,555.56	16,960,169.53	—	(10,529,826.39)	—
Henan Jinshui Urban Renewal Management Partnership Enterprise (Limited Partnership) (河南金水城市更新管理合夥企業(有限合夥))	—	70,000,000.00	—	—	—	—
Xinyang Yushen Stable Development Enterprise Management Partnership (Limited Partnership) (信陽豫申穩定發展企業管理合夥企業(有限合夥))	—	600,150,000.00	17,031,833.76	—	(15,046,921.35)	—
Shenna Industrial Co., Ltd.	—	244,873,328.60	1,091,375.68	—	—	—
Xinxiang Zhongxin Fengyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新鳳源企業管理合夥企業(有限合夥))	—	300,000,000.00	5,071,130.01	—	(4,019,896.02)	—
Luohe Shali Baojielou Investment Partnership (Limited Partnership) (漯河市沙澧保交樓投資合夥企業(有限合夥))	—	203,000,000.00	501,410.00	—	—	—
Luohe Shali Relief Investment Fund Partnership (Limited Partnership) (漯河市沙澧紓困投資基金合夥企業(有限合夥))	—	447,100,000.00	1,218,029.75	—	(583,051.39)	—
Yaxinke Industrial Technology (Nanjing) Co., Ltd. (亞新科工業技術(南京)有限公司)	—	30,000,000.00	2,099,609.20	—	—	—
Total	4,733,882,494.30	2,520,389,326.09	544,329,374.62	(12,574,128.93)	(241,784,171.66)	(461,023,799.57)

The accompanying notes to the financial statements are an integral part of the financial statements

## (3) Provision for impairment of long-term equity investments

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Henan Senyuan Electric Co., Ltd.	271,175,366.08	—	—	271,175,366.08
Henan Xinchang Investment Management Center (Limited Partnership) (河南信昌 投資管理中心(有限合夥))	—	23,214,266.67	—	23,214,266.67
Henan Xinye Enterprise Management Partnership (Limited Partnership) (河南 信鄴企業管理合夥企業(有限合夥))	—	166,634,166.82	—	166,634,166.82
Total	<u>271,175,366.08</u>	<u>189,848,433.49</u>	<u>—</u>	<u>461,023,799.57</u>

## 5. Fixed assets

	Houses and buildings	Electronic equipment	Office equipment	Total
Original price				
Opening balance	—	1,520,229.60	1,788,669.32	3,308,898.92
Purchase	—	5,165,234.31	—	5,165,234.31
Transfer from construction in progress	656,271,314.10	—	—	656,271,314.10
Closing balance	<u>656,271,314.10</u>	<u>6,685,463.91</u>	<u>1,788,669.32</u>	<u>664,745,447.33</u>
Accumulated depreciation				
Opening balance	—	832,663.26	1,505,061.20	2,337,724.46
Provision	3,264,096.48	361,189.00	165,809.04	3,791,094.52
Closing balance	<u>3,264,096.48</u>	<u>1,193,852.26</u>	<u>1,670,870.24</u>	<u>6,128,818.98</u>
Book value				
At the end of the year	<u>653,007,217.62</u>	<u>5,491,611.65</u>	<u>117,799.08</u>	<u>658,616,628.35</u>
At the beginning of the year	<u>—</u>	<u>687,566.34</u>	<u>283,608.12</u>	<u>971,174.46</u>

**6. Investment properties**

Adoption of the cost model for subsequent measurement:

	<b>Houses and buildings</b>
Original price	
Opening balance	—
Transfer to	<u>43,588,051.87</u>
 Closing balance	 <u><u>43,588,051.87</u></u>
 Accumulated depreciation and amortization	
Opening balance	—
Provision	<u>216,806.98</u>
 Closing balance	 <u><u>216,806.98</u></u>
 Book value	
At the end of the year	<u><u>43,371,244.89</u></u>
 At the beginning of the year	 <u><u>—</u></u>

## 7. Right-of-use assets

	<b>Houses and buildings</b>
Cost	
Opening balance	8,866,622.49
Disposal	<u>(8,866,622.49)</u>
Closing balance	<u>                    —</u>
Accumulated depreciation	
Opening balance	6,202,668.06
Provision	2,396,978.60
Disposal	<u>(8,599,646.66)</u>
Closing balance	<u>                    —</u>
Book value	
At the end of the year	<u>                    —</u>
At the beginning of the year	<u>2,663,954.43</u>



**8. Intangible assets**

	<b>Software</b>
Original price	
Opening balance	4,319,160.51
Purchase	<u>1,735,235.84</u>
Closing balance	<u><u>6,054,396.35</u></u>
Accumulated amortization	
Opening balance	1,425,530.62
Provision	<u>1,322,518.37</u>
Closing balance	<u><u>2,748,048.99</u></u>
Book value	
At the end of the year	<u><u>3,306,347.36</u></u>
At the beginning of the year	<u><u>2,893,629.89</u></u>

**9. Deferred income tax assets/liabilities**

The Group presents certain recognized deferred income tax assets and recognized deferred income tax liabilities in the balance sheet as net amounts after offsetting, and the offsetting amount was RMB228,768,616.80 as at 31 December 2023 (31 December 2022: RMB188,826,376.67).

## APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

	31 December 2023	31 December 2022
Recognized deferred income tax assets:		
Provision for impairment of assets	<b>387,100,827.56</b>	368,189,144.12
Unpaid salaries and bonuses	<b>53,069,686.91</b>	40,996,948.06
Receipts in advance with unrecognized revenue	<b>3,411,669.95</b>	3,840,539.65
Changes in the fair value of financial assets	<b>158,622,082.80</b>	33,613,068.84
Outstanding interest on bonds	<b>4,044,246.57</b>	2,492,294.52
Unrealized finance expenses	<b>11,140,733.05</b>	11,140,733.05
Lease liabilities	—	649,847.39
	<hr/>	<hr/>
Total	<b>617,389,246.84</b>	460,922,575.63
	<hr/> <hr/>	<hr/> <hr/>
Recognized deferred income tax liabilities:		
Adjustments to gain or loss of long-term equity investments	<b>117,992,164.82</b>	62,272,957.43
Unrealized disposal gains	<b>109,482,860.47</b>	125,760,403.58
Right-of-use assets	—	665,988.61
Others	<b>1,293,591.51</b>	127,027.05
	<hr/>	<hr/>
Total	<b>228,768,616.80</b>	188,826,376.67
	<hr/> <hr/>	<hr/> <hr/>

At each balance sheet date, the Group had no material unrecognized deductible temporary differences and uncovered losses.

**10. Other assets**

	<b>31 December 2023</b>	31 December 2022
Prepayments	<b>52,001,595.70</b>	70,521,942.42
Accounts receivable	<b>22,690,000.00</b>	27,676,594.20
Prepayment of VAT	<b>42,356.56</b>	600.00
Prepayment of corporate income tax	<b>11,027,479.81</b>	26,522,064.12
Performance bonds paid	<b>6,510,000.00</b>	56,278,745.90
Trust protection fund receivable	<b>3,250,000.00</b>	3,150,000.00
Cash pledge receivable	<b>4,400.00</b>	671,147.60
Service fees receivable	<b>10,174,916.07</b>	735,456.83
Debt assets	<b>200,603,713.82</b>	175,114,523.00
Dividends receivable	<b>12,600,000.00</b>	99,099,900.99
Others	<b><u>5,818,914.87</u></b>	<u>2,932,222.57</u>
Less: Provision for impairment	<b><u>4,405,887.20</u></b>	<u>175,256.14</u>
Total	<b><u><u>320,317,489.63</u></u></b>	<u><u>462,527,941.49</u></u>

*Note:* The balance of other assets transactions between the Group and related parties is detailed in Note X. 4.

**11. Short-term loans**

	<b>31 December 2023</b>	31 December 2022
Credit loans		
Principal	—	764,308,000.00
Interest payable	—	448,137.09
	<u>—</u>	<u>764,756,137.09</u>
Total	<b><u><u>—</u></u></b>	<u><u>764,756,137.09</u></u>

## 12. Payables

	31 December 2023	31 December 2022
Trade payables	<u>34,503,320.68</u>	<u>796,497.01</u>

## 13. Employee benefits payable

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	193,444,177.08	109,154,652.16	54,309,827.32	248,289,001.92
Employee welfare	—	2,156,395.38	2,156,395.38	—
Social insurance premiums	—	6,702,437.95	6,702,437.95	—
Including: Medical insurance	—	6,556,510.71	6,556,510.71	—
Work-related injury insurance	—	22,817.90	22,817.90	—
Maternity insurance	—	123,109.34	123,109.34	—
Housing funds	—	2,186,671.00	2,186,671.00	—
Labor union and employee education costs	<u>1,981,900.83</u>	<u>2,212,615.54</u>	<u>1,981,900.83</u>	<u>2,212,615.54</u>
	<u>195,426,077.91</u>	<u>122,412,772.03</u>	<u>67,337,232.48</u>	<u>250,501,617.46</u>
Defined contribution plans	—	9,912,044.72	9,912,044.72	—
Including: Basic pension	—	1,965,895.68	1,965,895.68	—
Unemployment insurance	—	86,247.98	86,247.98	—
Enterprise annuity insurance	—	<u>7,859,901.06</u>	<u>7,859,901.06</u>	—
Total	<u>195,426,077.91</u>	<u>132,324,816.75</u>	<u>77,249,277.20</u>	<u>250,501,617.46</u>

*Note:* The enterprise annuity scheme established by the Group is managed by an organization qualified as a trustee of enterprise annuities. According to the provisions of the scheme, registered regular employees who have entered into labor contracts with the Group and meet certain conditions are eligible to participate in the scheme. The expenses required for enterprise annuity shall be borne jointly by the institution and the employee. The institution contributions shall be paid by the institution in accordance with the proportion stipulated in the enterprise annuity scheme, and the individual contributions of the employee shall be withheld and paid by the institution from the salary of the employee in accordance with the proportion stipulated in the enterprise annuity scheme. When the institution is unable to fulfill its payment obligations under special circumstances such as operating losses, reorganization, or mergers and acquisitions, it may suspend the institution payment after consultation with the employee, and the employee may suspend the individual payment at the same time. When the failure to make further payment have recovered, the institution will resume the payment, and the employee will resume the individual payment at the same time.

**14. Taxes payable**

	<b>31 December 2023</b>	31 December 2022
Corporate income tax	<b>167,438,638.27</b>	69,393,973.83
Value added tax	<b>18,367,941.21</b>	18,050,392.79
Urban maintenance and construction tax	<b>1,285,725.07</b>	1,263,527.52
Others	<b>3,037,280.07</b>	1,358,625.80
	<u><b>190,129,584.62</b></u>	<u>90,066,519.94</u>
Total	<u><b>190,129,584.62</b></u>	<u>90,066,519.94</u>

**15. Long-term borrowings**

	<b>31 December 2023</b>	31 December 2022
Principal		
Credit loans	<b>14,460,820,000.00</b>	14,848,217,000.00
Guaranteed loans	<b>2,689,200,000.00</b>	2,619,500,000.00
	<u><b>21,541,780.90</b></u>	<u>26,512,978.98</u>
Interest payable	<b>21,541,780.90</b>	26,512,978.98
	<u><b>17,171,561,780.90</b></u>	<u>17,494,229,978.98</u>
Total	<u><b>17,171,561,780.90</b></u>	<u>17,494,229,978.98</u>

**16. Bonds payable**

Changes in the Group's outstanding bonds are as follows:

	Opening balance	Issued during the year	Interest and amortization of discounts and premiums accrued during the year	Interest paid during the year	Principal repaid during the year	Closing balance
20 Henan Asset Yu Guan 01	410,582,180.64	—	4,817,819.36	(15,400,000.00)	(400,000,000.00)	—
22 Henan Asset MTN001	509,644,177.38	—	18,026,370.58	(17,750,000.00)	—	509,920,547.96
22 Henan Asset SCP002	505,022,054.77	—	673,835.64	(5,695,890.41)	(500,000,000.00)	—
22 Henan Asset SCP003	503,445,767.22	—	1,510,397.16	(4,956,164.38)	(500,000,000.00)	—
23 Henan Asset MTN001	—	500,000,000.00	3,889,245.60	—	—	503,889,245.60
23 Henan Asset SCP001	—	300,000,000.00	3,968,852.46	(3,968,852.46)	(300,000,000.00)	—
23 Henan Asset SCP002	—	500,000,000.00	3,933,372.55	—	—	503,933,372.55
23 Henan Asset Yu Guan 01	—	500,000,000.00	12,014,521.73	—	—	512,014,521.73
23 Henan Asset Yu Guan 02	—	500,000,000.00	377,127.07	—	—	500,377,127.07
Total	1,928,694,180.01	2,300,000,000.00	49,211,542.15	(47,770,907.25)	(1,700,000,000.00)	2,530,134,814.91

The accompanying notes to the financial statements are an integral part of the financial statements

As at 31 December 2023, details of the Group's outstanding bonds are as follows:

	Date of issuance	Maturity date or renewal	Interest rate	Issue price	Number	Amount
22 Henan Asset MTN001	2022/6/8	2025/6/10	3.55%	100.00	5,000,000.00	500,000,000.00
23 Henan Asset MTN001	2023/8/17	2026/8/21	3.46%	100.00	5,000,000.00	500,000,000.00
23 Henan Asset SCP002	2023/9/18	2024/3/17	2.69%	100.00	5,000,000.00	500,000,000.00
23 Henan Asset Yu Guan 01	2023/4/18	2026/4/18	3.30%	100.00	5,000,000.00	500,000,000.00
23 Henan Asset Yu Guan 02	2023/11/23	2026/11/23	3.37%	100.00	5,000,000.00	500,000,000.00

### 17. Lease liabilities

	31 December 2023	31 December 2022
Houses and buildings	—	2,599,389.57

### 18. Other liabilities

	31 December 2023	31 December 2022
Performance bonds received	859,308,282.22	729,035,658.33
Dividends payable	—	61,878,227.49
Deferred income	4,707,666.63	5,940,999.99
Lending and borrowing of funds payable	15,000,000.00	15,000,000.00
Amount of tax to be written off	13,427,144.67	11,561,690.05
Others	5,389,681.77	4,036,317.32
Total	<u>897,832,775.29</u>	<u>827,452,893.18</u>

## 19. Share capital

Registered capital/share capital	31 December 2023		31 December 2022	
	RMB	Percentage (%)	RMB	Percentage (%)
Henan Investment Group Co., Ltd.	2,400,000,000.00	40%	2,000,000,000.00	40%
Zhongyuan Trust Co., Ltd.	600,000,000.00	10%	500,000,000.00	10%
SDIC Assets Management Co., Ltd.	600,000,000.00	10%	500,000,000.00	10%
Henan Zhongyuan Expressway Co., Ltd.	600,000,000.00	10%	500,000,000.00	10%
Dahe Media Investment Co., Ltd. (大河傳媒投資有限公司)	600,000,000.00	10%	500,000,000.00	10%
Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資 管理有限公司)	600,000,000.00	10%	500,000,000.00	10%
Henan Investment Group Asset Management Co., Ltd. (河南投資集團 資產管理有限公司)	300,000,000.00	5%	250,000,000.00	5%
Henan Zekuan Enterprise Management Consulting Partnership (Limited Partnership) (河南擇寬企業 管理諮詢合夥企業(有限合夥))	300,000,000.00	5%	250,000,000.00	5%
Total	<u>6,000,000,000.00</u>	<u>100%</u>	<u>5,000,000,000.00</u>	<u>100%</u>

The 2023 Sixth Shareholders' Meeting was convened on 15 December 2023, at which the "Proposal of Henan Asset Management Company Limited on the Transfer of Undistributed Profits to Increase the Share Capital" was considered and agreed. Pursuant to the proposal, the registered capital was increased by RMB1,000,000,000.00 and the share capital was increased by the transfer of undistributed profits to all shareholders in accordance with the proportion of capital contribution of the existing shareholders, with the base date of the transfer being 30 September 2023, and the changed registered capital amounted to RMB6,000,000,000.00, which was approved by Henan Provincial Local Financial Supervision Administration on 25 December 2023 (Yu Jin Jian [2023] No. 190). The capital increase has been audited by ShineWing Certified Public Accountants (Special General Partnership) Zhengzhou Branch, which has issued Capital Verification Report No. XYZH/2024ZZAA2B0005.



**20. Other equity instruments**

	<b>31 December 2023</b>	31 December 2022
Other equity instrument — others	<b><u>5,700,000,000.00</u></b>	<u>5,700,000,000.00</u>

In accordance with the work plan of the provincial party committee and provincial government of Henan Province in relation to the reform and reorganization of city commercial banks, the funds raised by the municipal governments of Luoyang, Pingdingshan and Jiaozuo in Henan Province were respectively appropriated to the Group in the form of equity capital contribution. As of 31 December 2023, the Group had received the aforesaid amount totaling RMB5,700,000,000.00. The Group classified it as other equity instruments.

**21. Other comprehensive income**

The accumulated balance of other comprehensive income attributable to the owner of the parent company in the consolidated balance sheet:

	31 December 2022	Changes increase/(decrease)	<b>31 December 2023</b>
Items that will not be reclassified to profit or loss under equity method	26,578,646.95	(12,226,355.59)	<b>14,352,291.36</b>
Items that will be reclassified to profit or loss under equity method	<u>3,345,767.58</u>	<u>(347,773.34)</u>	<u><b>2,997,994.24</b></u>
Total	<u>29,924,414.53</u>	<u>(12,574,128.93)</u>	<u><b>17,350,285.60</b></u>

	31 December 2021	Changes increase/(decrease)	31 December 2022
Items that will not be reclassified to profit or loss under equity method	(1,515,423.16)	28,094,070.11	26,578,646.95
Items that will be reclassified to profit or loss under equity method	<u>1,788,113.02</u>	<u>1,557,654.56</u>	<u>3,345,767.58</u>
Total	<u>272,689.86</u>	<u>29,651,724.67</u>	<u>29,924,414.53</u>

Amount of other comprehensive income incurred in the consolidated income statement for the period:

	Pre-tax amount	Less: Income tax	Attributable to owners of the parent company	Attributable to minority shareholders
<b>2023</b>				
Items that will not be reclassified to profit or loss under equity method	(12,226,355.59)	—	(12,226,355.59)	—
Items that will be reclassified to profit or loss under equity method	(347,773.34)	—	(347,773.34)	—
Total	<u>(12,574,128.93)</u>	<u>—</u>	<u>(12,574,128.93)</u>	<u>—</u>

	Pre-tax amount	Less: Income tax	Attributable to owners of the parent company	Attributable to minority shareholders
<b>2022</b>				
Items that will not be reclassified to profit or loss under equity method	28,094,070.11	—	28,094,070.11	—
Items that will be reclassified to profit or loss under equity method	1,557,654.56	—	1,557,654.56	—
Total	<u>29,651,724.67</u>	<u>—</u>	<u>29,651,724.67</u>	<u>—</u>

## 22. Surplus reserve

	2023	2022
Opening balance	190,728,871.39	132,653,514.79
Increase during the year	<u>54,660,838.83</u>	<u>58,075,356.60</u>
Closing balance	<u>245,389,710.22</u>	<u>190,728,871.39</u>

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed. After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

### 23. Undistributed profits

	2023	2022
Opening balance	1,350,106,054.62	1,004,761,253.39
Net profit attributable to owners of the parent company	612,142,461.66	547,504,129.24
Less: Appropriation to statutory surplus reserve	54,660,838.83	58,075,356.60
Cash dividends payable	200,000,000.00	144,083,971.41
Dividends transferred to share capital	1,000,000,000.00	—
Undistributed profits at the end of the year	<u>707,587,677.45</u>	<u>1,350,106,054.62</u>

The 2022 Annual Shareholders' Meeting was convened on 25 April 2023 by way of on-site voting, at which the "Proposal of Henan Asset Management Company Limited on the Distribution of Profit for the Year 2022" was deliberated and agreed. Pursuant to the proposal, a cash dividend of RMB200,000,000.00 was distributed to all shareholders in accordance with the proportion of the shareholders' paid-in capital; the 2023 Sixth Shareholders' Meeting was convened on 15 December 2023, at which the "Proposal of Henan Asset Management Company Limited on the Transfer of Undistributed Profits to Increase the Share Capital" was considered and agreed. According to the proposal, the share capital was transferred to all shareholders in the amount of RMB1,000,000,000.00 in accordance with the proportion of capital contribution from existing shareholders.

## 24. Interest income

	2023	2022
Interest income from distressed assets	564,762,020.31	727,597,785.62
<i>Including: Interest income from direct investment</i>	428,336,952.08	477,038,277.90
<i>Interest income from trust investments</i>	136,425,068.23	250,559,507.72
Interest income from trust plan	11,462,063.92	5,696,258.40
Income from finance lease	37,372,514.24	30,518,432.59
Interest income from borrowings	12,236,722.60	22,661,512.08
Interest income from deposits	19,608,547.14	30,575,667.84
	<u>645,441,868.21</u>	<u>817,049,656.53</u>
Total	<u>645,441,868.21</u>	<u>817,049,656.53</u>

## 25. Investment income

	2023	2022
Gain on holding long-term equity investments accounted for by the equity method	535,279,213.18	378,869,751.78
Gain or loss on disposal of long-term equity investments	9,050,161.44	16,649,272.45
Gain on holding financial assets held for trading	698,345,103.65	862,161,604.53
Gain on disposal of financial assets held for trading	500,208,799.30	215,026,050.23
Others	8,595,053.69	124,991,584.86
	<u>1,751,478,331.26</u>	<u>1,597,698,263.85</u>
Total	<u>1,751,478,331.26</u>	<u>1,597,698,263.85</u>

**26. Gains on changes in fair value**

	2023	2022
Financial assets held for trading		
Listed shares	<b>80,572,005.13</b>	(80,609,161.14)
Private investment fund	<b>365,310,737.57</b>	258,742,453.30
Distressed assets	<b>(110,723,883.30)</b>	(30,954,795.95)
Unlisted equity	<b>(64,353,753.43)</b>	28,860,962.91
Total	<b><u>270,805,105.97</u></b>	<u>176,039,459.12</u>

**27. Other income**

	2023	2022
Government grants related to daily activities	<b>4,563,950.25</b>	16,458,198.68
Refund of individual income tax withholding fee	<b>921,900.62</b>	—
Total	<b><u>5,485,850.87</u></b>	<u>16,458,198.68</u>

Government grants related to daily activities are as follows:

	2023	2022
Government grants related to earnings	<b><u>4,563,950.25</u></b>	<u>16,458,198.68</u>

*Note:* In 2023, Henan Asset, the parent company of the Group, received RMB857,200.00 as special subsidy fund for financial industry development, RMB52,956.41 as other taxes and subsidies for job stabilization, RMB800,000.00 as bonus for institution with outstanding contribution to the development of financial industry, and RMB1,233,333.36 as amortization of deferred income. In addition, in 2023, Henan Asset Finance & Leasing Co., Ltd., a subsidiary of the Group, received RMB634,499.41 as value-added tax refunded on demand from the tax bureau and RMB5,944.86 as subsidies for job stabilization. In 2023, Henan Asset Fund Management Co., Ltd. (河南資產基金管理公司), a subsidiary of the Group, received RMB971,693.41 as subsidies for promotion of the development of private equity, and RMB8,322.80 as subsidies for job stabilization.

**28. Other operating income/costs**

Other operating income:	2023	2022
Rental income	1,662,870.75	6,197,774.53
Fee and commission income	<u>32,641,827.80</u>	<u>27,481,307.15</u>
Total	<u><u>34,304,698.55</u></u>	<u><u>33,679,081.68</u></u>
Other operating costs:	2023	2022
Rental expenses	—	3,857,527.07
Depreciation of operating lease assets	<u>216,806.98</u>	<u>—</u>
Total	<u><u>216,806.98</u></u>	<u><u>3,857,527.07</u></u>

**29. Interest expenses**

	2023	2022
Interest expenses on borrowings	814,232,005.08	781,049,836.84
Interest expenses on bonds	55,154,938.37	119,674,846.62
Others	<u>35,335,086.99</u>	<u>57,877,827.23</u>
Total	<u><u>904,722,030.44</u></u>	<u><u>958,602,510.69</u></u>

**30. Taxes and surcharges**

	2023	2022
Urban maintenance and construction tax	4,491,435.92	2,924,569.85
Educational surcharge	1,924,581.26	1,253,387.02
Local educational surcharge	1,283,054.16	835,591.32
Property tax	10,295,467.45	4,221,726.59
Stamp tax	1,200,109.88	798,375.92
Land holding tax	234,125.50	60,230.58
	<u>19,428,774.17</u>	<u>10,093,881.28</u>
Total	<u><u>19,428,774.17</u></u>	<u><u>10,093,881.28</u></u>

**31. Business and administrative expenses**

	2023	2022
Labor costs	132,324,816.75	120,032,995.14
Property fees	6,745,606.86	1,416,118.90
Business expenses	12,630,165.73	12,200,714.48
Intermediary service fees	8,390,996.80	7,432,537.15
Office communications, travel and entertainment expenses	6,720,699.77	3,249,217.63
Partnership management fees	1,195,865.42	1,462,665.20
Depreciation and amortization	7,510,591.49	4,806,048.18
Training and conference fees	3,103,390.77	935,939.55
Vehicle usage fees	653,907.93	1,152,136.97
Business publicity expenses	676,151.66	966,236.44
Party building expenses	333,515.09	446,648.10
Others	727,917.70	1,561,034.41
	<u>181,013,625.97</u>	<u>155,662,292.15</u>
Total	<u><u>181,013,625.97</u></u>	<u><u>155,662,292.15</u></u>

**32. Assets impairment losses**

	2023	2022
Impairment loss on debt-repaid assets	4,405,447.20	—
Impairment loss on long-term equity investment	<u>189,848,433.49</u>	<u>—</u>
Total	<u><u>194,253,880.69</u></u>	<u><u>—</u></u>

**33. Expected credit losses**

	2023	2022
Reversal of bad debt losses on other receivables	(174,816.14)	—
Impairment losses on debt investments	<u>199,806,194.47</u>	<u>548,111,833.54</u>
Total	<u><u>199,631,378.33</u></u>	<u><u>548,111,833.54</u></u>

**34. Non-operating income**

	2023	2022
Forfeiture of margins	<u>—</u>	<u>300,000.00</u>
Total	<u><u>—</u></u>	<u><u>300,000.00</u></u>



**35. Non-operating expenses**

	2023	2022
Expenses on charity donation	19,617.24	10,050.00
Overdue fine	<u>322,579.24</u>	<u>6,858.40</u>
Total	<u><u>342,196.48</u></u>	<u><u>16,908.40</u></u>

**36. Income tax expenses**

	2023	2022
Income tax expenses for the period	256,418,055.67	184,324,976.04
Deferred income tax expenses	<u>(116,524,431.08)</u>	<u>(64,177,566.81)</u>
Total	<u><u>139,893,624.59</u></u>	<u><u>120,147,409.23</u></u>

The relationship between income tax expenses and profit before tax is shown below:

	2023	2022
Profit before tax	1,207,932,523.91	971,875,036.40
Income tax expense calculated at statutory tax rate	301,983,130.98	242,968,759.08
Adjustments to current income taxes for prior periods	(223,090.90)	—
Profit and loss attributable to joint ventures and associates	(8,928,726.06)	(4,710,702.04)
Non-taxable income	(72,971,727.60)	(81,872,768.46)
Non-deductible expenses	2,177,203.80	2,065,920.96
Profits attributable to other partners	<u>(82,143,165.63)</u>	<u>(38,303,800.31)</u>
Income tax expenses calculated at the Group's effective tax rate	<u><u>139,893,624.59</u></u>	<u><u>120,147,409.23</u></u>

## 37. Cash flow statement

(1) *Other cash received or paid related to operating activities*

	2023	2022
Other cash received related to operating activities	<b>574,415,943.63</b>	396,738,076.62
Including: Margins	<b>401,012,333.76</b>	327,888,017.40
Government grants	<b>4,252,517.51</b>	15,533,198.67
Current account received	<b>147,020,032.60</b>	12,352,749.02
Rental income	<b>2,322,512.59</b>	5,498,443.69
Others	<b>19,808,547.17</b>	35,465,667.84
Other cash payments related to operating activities	<b>153,866,466.28</b>	451,131,828.64
Including: Deposits and guarantees	<b>46,499,040.88</b>	26,426,000.00
Business and administrative expenses paid	<b>38,574,368.70</b>	37,419,900.52
Current account paid	<b>68,773,439.46</b>	387,275,878.12
Expenses on donations	<b>19,617.24</b>	10,050.00

(2) *Other cash received or paid related to financing activities*

	2023	2022
Other cash payments related to financing activities	<b>430,484,638.12</b>	4,491,613.10
Including: Payment of rent	<b>2,338,702.84</b>	4,491,613.10
Return of minority shareholders' capital	<b>428,145,935.28</b>	—

**38. Cash flows from operating activities**

Reconciliation of net profit to cash flows from operating activities:

	2023	2022
Net profit	1,068,038,899.32	851,727,627.17
Add: Assets impairment losses	194,253,880.69	—
Expected credit losses	199,631,378.33	548,111,833.54
Depreciation and amortization	7,727,398.47	7,072,673.92
Gains on changes in fair value	(270,805,105.97)	(176,039,459.12)
Investment income	(1,462,486,714.53)	(1,020,613,159.59)
Interest expense	904,407,972.35	956,199,463.93
Gains from assets disposal	(25,362.11)	(6,995,329.67)
Amortization of deferred income	(1,233,333.36)	(925,000.01)
Increase in deferred income tax assets	(116,524,431.08)	(64,177,566.81)
Decrease/(increase) in operating receivables	1,398,508,475.78	(10,168,111,038.88)
Increase in operating payables	288,525,207.92	434,144,213.72
	<u>2,210,018,265.81</u>	<u>(8,639,605,741.80)</u>
Net cash flows from/(used in) operating activities	<u>2,210,018,265.81</u>	<u>(8,639,605,741.80)</u>

**39. Cash and cash equivalents**

	31 December 2023	31 December 2022
Cash		
Including: Deposits in bank	1,433,745,010.13	1,754,847,952.34
Other cash and bank balances	1,020,935.71	11,556,622.57
	<u>1,434,765,945.84</u>	<u>1,766,404,574.91</u>
Closing balance of cash and cash equivalents	<u>1,434,765,945.84</u>	<u>1,766,404,574.91</u>

**40. Lease***(1) As the lessee*

	<b>31 December 2023</b>	31 December 2022
Interest expense on lease liabilities	<b>31,651.22</b>	1,024,780.50
Lease charges for low-value assets (other than short-term leases) for which the simplified treatment is applied, charged to current profit or loss	—	(3,900.00)
Income from sublease of right-of-use assets	—	6,197,774.53
Total cash outflows related to leases	<b><u>(2,338,702.84)</u></b>	<b><u>(4,491,613.10)</u></b>

Leasehold assets leased by the Group comprise houses and buildings utilized in operations, with lease terms normally three years for owner-occupied houses and buildings and eight years for subleased houses and buildings.

*Other lease information*

For right-of-use assets, see Note VI. 7; for lease liabilities, see Note VI. 17.

*(2) As the lessor**Finance leases*

Gains and losses related to finance leases are set out below:

	<b>2023</b>	2022
Financing income on net investment in leases	<b>37,372,514.24</b>	30,518,432.59

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HENAN ASSET MANAGEMENT COMPANY LIMITED**

Pursuant to the lease contract with the lessee, the minimum undiscounted lease receipts are as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (1 year inclusive)	<b>386,507,215.31</b>	180,928,229.16
1–2 years (2 years inclusive)	<b>128,849,687.50</b>	92,457,263.91
2–3 years (3 years inclusive)	<b>36,601,250.00</b>	—
Sub-total	<b>551,958,152.81</b>	273,385,493.07
Less: Unrealised finance income	<b>32,141,215.17</b>	17,613,474.14
Net investment in leases	<b>519,816,937.64</b>	255,772,018.93

*Operating lease*

Gains and losses related to operating leases are set out below:

	<b>2023</b>	2022
Income from lease	<b>1,662,870.75</b>	6,197,774.53

Pursuant to the lease contract with the lessee, the minimum undiscounted lease receipts are as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (1 year inclusive)	<b>3,985,942.62</b>	—
1–2 years (2 years inclusive)	<b>3,975,052.06</b>	—
2–3 years (3 years inclusive)	<b>4,024,962.54</b>	—
3–4 years (4 years inclusive)	<b>4,214,753.70</b>	—
More than 5 years (5 years inclusive)	<b>16,492,347.90</b>	—
Total	<b>32,693,058.82</b>	—

Refer to Note VI. 6 for operating leased houses and buildings.

**VII. SEGMENT REPORTING****1. Operating segments**

The main business of the Group is asset management. The Group does not determine the operating segments based on its internal organizational structure and management requirements. The Group does not determine the regional segments as its principal business is conducted in Mainland China and all of its identifiable assets and liabilities are located in Mainland China. During the Reporting Period, no single customer contributed 10% or more of the Group's total revenue.

**VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS****1. Classification of financial instruments**

As at 31 December 2023, financial assets at fair value through profit or loss totaled RMB19,526,998,578.03 (31 December 2022: RMB19,821,597,118.00), which were mainly presented in financial assets held for trading; financial assets measured at amortized cost totaled RMB7,479,046,409.69 (31 December 2022: RMB10,130,848,823.23), which were mainly presented in cash and bank balances, debt investments and other assets; and financial liabilities measured at amortized cost totaled RMB19,756,589,598.26 (31 December 2022: RMB20,207,513,110.41), which were mainly presented in short-term loans, accounts payable, long-term loans, bonds payable and other liabilities.

**2. Financial instrument risk**

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policies in this regard are summarized below.

***Credit risk***

The Group's credit risk mainly arises from the default risk of its investments in credit products, i.e. the risk of default, or refusal to pay due principal and interest by the financiers or issuers of the credit products invested in, arising asset losses and changes in income.

In terms of debt investments, the Group has set up appropriate investment restrictions on investments based on the creditworthiness of customers to control the default risk of investments in credit products; the Group has established a mapping relationship between credit ratings and the probability of default based on credit ratings, and has set up a loss given default based on industry

information and market data, which, combined with forward-looking adjustments, is used to recognize expected credit losses. In terms of accounts receivable, etc., the Group adopts a simplified measurement methodology to measure the provision for impairment based on historical credit loss experience, taking into account information related to the debtor and the economic environment.

*Judgment criteria for significant increase in credit risk*

The Group assesses at each balance sheet date whether there has been a significant increase in the credit risk of the relevant financial instrument since its initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers information that is reasonably available and supportable without undue additional cost or effort, including qualitative and quantitative analyses based on the Group's historical data, external credit risk ratings and forward-looking information. The Group determines the changes in the risk of default over the expected duration of a financial instrument on the basis of a single financial instrument or a combination of financial instruments with similar credit risk characteristics by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition.

The Group considers that there has been a significant increase in the credit risk of a financial instrument where one or more of the following quantitative or qualitative criteria or the ceiling indicator is triggered:

- Quantitative criteria are mainly the increase in the probability of default over the remaining duration at the reporting date by more than a certain percentage compared with the initial recognition;
- Qualitative criteria are mainly significant unfavorable changes in the debtor's operating or financial conditions, and the list of early warning customers, etc.; and
- The ceiling indicator is that the debtor's contractual payments (including principal and interest) are overdue for more than 30 days.

*Definition of credit impaired assets which have occurred*

The Group considers whether a financial instrument is credit-impaired, which is consistent with the internal credit risk management practice. The consideration includes quantitative criteria and qualitative criteria. The Group considers the following factors when assessing whether a debtor has suffered a credit impairment:

- significant financial difficulties of the issuer or the debtor;
- a breach of contract by the debtor, such as default or delay in payment of interest or principal;
- the creditor granting concessions to the debtor that the creditor would not have made under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;
- the probability that the debtor will go bankrupt or undergo other financial restructuring;
- financial difficulties of the issuer or the debtor resulting in the disappearance of an active market for the financial asset; and
- a financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be the result of a combination of several events and may not necessarily be the result of individually identifiable events.

*Credit risk exposures*

The following table shows the Group's maximum credit risk exposure for balance sheet items. This maximum exposure is the amount before considering the impact of guarantees or other credit enhancement methods.



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	31 December 2023	31 December 2022
Cash and bank balances	1,434,765,945.84	1,766,404,574.91
Debt investments	5,989,742,672.91	8,230,354,182.27
Other assets	54,537,790.94	134,090,066.05
Financial assets held for trading	<u>3,711,177,072.96</u>	<u>3,164,930,053.86</u>
Total credit risk exposures	<u><u>11,190,223,482.65</u></u>	<u><u>13,295,778,877.09</u></u>

For financial instruments measured at fair value, the above amounts reflect their current risk exposure but not their maximum risk exposure. The maximum risk exposure will change with future changes in its fair value.

***Liquidity risk***

The Group aims to maintain sufficient funds and credit facilities to meet requirements for liquidity.

The following table is a maturity analysis of financial liabilities based on undiscounted contractual cash flows:

**31 December 2023**

	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Accounts payable	34,503,320.68	—	—	—	34,503,320.68
Long-term loans	4,503,017,563.61	9,141,567,896.55	4,580,159,414.72	—	18,224,744,874.88
Bonds payable	575,125,000.00	568,400,000.00	1,550,650,000.00	—	2,694,175,000.00
Other liabilities	<u>20,389,681.77</u>	—	—	—	<u>20,389,681.77</u>
Total	<u><u>5,133,035,566.06</u></u>	<u><u>9,709,967,896.55</u></u>	<u><u>6,130,809,414.72</u></u>	<u><u>—</u></u>	<u><u>20,973,812,877.33</u></u>

31 December 2022

	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Short-term loans	773,273,315.73	—	—	—	773,273,315.73
Accounts payable	796,497.01	—	—	—	796,497.01
Long-term loans	2,967,835,022.96	5,177,476,098.62	10,904,587,463.73	—	19,049,898,585.31
Bonds payable	1,443,802,055.52	17,798,630.15	517,750,000.26	—	1,979,350,685.93
Other liabilities	19,036,317.32	—	—	—	19,036,317.32
Total	<u>5,204,743,208.54</u>	<u>5,195,274,728.77</u>	<u>11,422,337,463.99</u>	<u>—</u>	<u>21,822,355,401.30</u>

**Market risk***Interest rate risk*

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate assets and liabilities of the Group. The Group manages interest rate risk by closely monitoring the changes in interest rates and reviewing borrowings on a regular basis.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit when a reasonably possible change in interest rates occurs, with all other variables held constant.

Changes in basis points	Increase/(decrease) in net profit	
	31 December 2023	31 December 2022
+100 basis points	<b>(86,322,562.42)</b>	(69,338,767.86)
-100 basis points	<b>86,322,562.42</b>	69,338,767.86

The above sensitivity analysis of interest rate is provided as an illustrative example only and shall be based on a simplified scenario. The analysis shows the estimated changes in net profit under each of the projected revenue curve scenarios and the Group's current interest rate risk profile. However, the impact does not take into account the risk management activities that management may undertake to mitigate interest rate risk. The above estimates assume that interest rates will change at the same rate for all periods and therefore do not reflect the potential impact on net profit if some interest rates were to change while others remained unchanged.

*Foreign exchange risk*

The Group operates in the PRC and its principal activities are denominated in Renminbi. The Group has no significant assets or liabilities exposed to foreign exchange risk.

*Other price risk*

The Group's exposure to other price risk mainly relates to the Group's holdings of distressed assets, listed shares, private funds and unlisted equity. The Group manages risks by holding a portfolio of investments with different risks.

As at 31 December 2023, assuming all other variables remain constant, if the fair value of the above investments had increased/decreased by 10%, the Group's net profit for the year would have increased/decreased by RMB1,464,899,893.35 (2022: RMB1,486,619,783.85) due to changes in the fair value of financial instruments measured at fair value and whose changes are recognised in current profit or loss.

**IX. FAIR VALUE****1. Assets and liabilities measured at fair value**

Assets measured at fair value:

**31 December 2023**

	Inputs used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	<u>142,053,273.60</u>	<u>275,000,000.00</u>	<u>19,109,945,304.43</u>	<u>19,526,998,578.03</u>

31 December 2022

	Inputs used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	<u>343,857,546.33</u>	<u>—</u>	<u>19,477,739,571.67</u>	<u>19,821,597,118.00</u>

## 2. Valuation techniques and inputs measured at fair value

The Group's Finance Department, headed by the Finance Manager, is responsible for establishing policies and procedures for fair value measurement of financial assets held for trading. The Finance Manager reports directly to the Chief Financial Officer. At each balance sheet date, the Finance Department analyzes changes in the value of financial assets held for trading and determines the key inputs applicable to the valuation. Valuations are subject to review and approval by the Chief Financial Officer.

For listed shares, quoted market prices are used to determine the fair value. For distressed assets, private funds and unlisted equity investments, fair values are estimated using comparable company method or discounted valuation models, and the assumptions used are not supported by observable market prices, liquidity discounts or interest rates. The Group is required to make estimates of projected future cash flows (including projected future dividends and disposal proceeds) and liquidity discounts. The Group believes that the fair value estimated by using the valuation technique and its changes are reasonable and are also the most appropriate values at the balance sheet date.

The following summarizes the significant unobservable inputs for Level 3 fair value measurements:

2023	Closing fair value	Valuation techniques	Unobservable inputs	Impact on fair value
	17,359,529,920.64	Discounted cash flow approach	Risk-adjusted discount rate	The higher the risk-adjusted discount rate, the lower the fair value
	1,259,701,573.79	Market approach	Liquidity discount	The higher the liquidity discount, the lower the fair value
	490,713,810.00	Recent transaction price	N/A	N/A
2022	Closing fair value	Valuation techniques	Unobservable inputs	Impact on fair value
	6,323,678,966.91	Discounted cash flow approach	Risk-adjusted discount rate	The higher the risk-adjusted discount rate, the lower the fair value
	1,070,539,008.76	Market approach	Liquidity discount	The higher the liquidity discount, the lower the fair value
	12,083,521,596.00	Recent transaction price	N/A	N/A

## 3. Reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy

2023

	Opening balance	Transfer to Level 3	Transfer out of Level 3	Total gains or losses for the period recognized in profit or loss	Acquisition	Disposal	Closing balance	Change in unrealised profit or loss for the period of assets held at end of year included in profit and loss
Financial assets held for trading	19,477,739,571.67	2,171,038.87	—	(563,928,893.51)	4,314,530,217.42	(4,120,566,630.02)	19,109,945,304.43	(214,582,280.38)

2022

	Opening balance	Transfer to Level 3	Transfer out of Level 3	Total gains or losses for the period recognized in profit or loss	Acquisition	Disposal	Closing balance	Change in unrealised profit or loss for the period of assets held at end of year included in profit and loss
Financial assets held for trading	8,343,596,080.12	—	—	1,316,521,727.00	37,448,263,795.61	(27,630,642,031.06)	19,477,739,571.67	256,648,620.26

The accompanying notes to the financial statements are an integral part of the financial statements

**4. Transition between levels for continuous fair value measurements**

On 28 June 2023, FUREN Group Pharmaceutical Co., Ltd. (輔仁藥業集團製藥股份有限公司) was delisted, and transitioned from Level 1 to Level 3, and the fair value on the delisting date was RMB2,171,038.87.

**5. Financial assets and liabilities not measured at fair value**

The Management has assessed that the fair values of the cash and bank balances, other assets, short-term loans, accounts payable, and other liabilities, approximate their book values due to the short residual term of these instruments.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The fair values of long-term loans, bonds payable, and debt investments are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2023, the Group's exposure to non-performance risk associated with the long-term loans, and bonds payable is assessed as insignificant.

**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. Criteria for identifying related parties**

A related party is one in which one party controls, jointly controls or exercises significant influence over another party, and one in which two or more parties are under the control or joint control of the same party.

The following parties constitute related parties of the Company:

- (1) the Company's parent company;
- (2) subsidiaries of the Company;
- (3) other enterprises controlled by the same parent company as the Company;

- (4) investors exercising common control over the Company;
- (5) investors exercising significant influence over the Company;
- (6) joint ventures of the Group;
- (7) associates of the Group;
- (8) the Company's individual key investors and their close family members;
- (9) key management personnel of the Company or key management personnel of the parent company and their close family members;
- (10) other enterprises controlled or jointly controlled by the Company's individual key investors, key management personnel or their close family members;
- (11) joint ventures or associates of other member institutions (including parent companies and subsidiaries) of the corporate group to which the Company belongs;
- (12) joint ventures or associates of enterprises exercising common control over the Company;
- (13) joint ventures of enterprises exercising significant influence over the Company; and
- (14) enterprise annuities established by the Company.

Enterprises that are only controlled by the state and have no other related party relationships do not constitute related parties.

## 2. Parent company and subsidiaries

Name of parent company	Place of registration	Business nature	Proportion of shareholding over the Company (%)	Proportion of votes over the Company (%)	Registered capital RMB'0000
Henan Investment Group Co., Ltd.	Henan/Zhengzhou	State-owned capital operation	40.00	40.00	1,200,000

The Company is ultimately controlled by the People's Government of Henan Province.



For details on the subsidiaries of the Company, please refer to Note V. 1.

### 3. Other related parties

Names of other related parties	Relationship between other related parties and the Company
Zhongyuan Trust Co., Ltd.	An enterprise controlled by the parent company
Henan Yicheng Holdings Co., Ltd. (河南頤城控股有限公司)	An enterprise controlled by the parent company
Henan Science and Technology Investment Co., Ltd. (河南省科技投資有限公司)	An enterprise controlled by the parent company
Henan Province Li-an Industry Co., Ltd. (河南省立安實業有限責任公司)	An enterprise controlled by the parent company
Zhengzhou Gaowu Property Co., Ltd. (鄭州高屋置業有限公司)	An enterprise controlled by the parent company
Henan Huirong Technology Service Co., Ltd. (河南匯融科技服務有限公司)	An enterprise controlled by the parent company
Henan Investment Smart Energy Co., Ltd. (河南省投智慧能源有限公司)	An enterprise controlled by the parent company
Henan Tiandi Hotel Co., Ltd. (河南天地酒店有限公司)	An enterprise controlled by the parent company
Henan Smart Island Investment Co., Ltd. (河南智慧島投資有限公司)	An enterprise controlled by the parent company
Henan Yicheng Xintiandi Hotel Property Management Co., Ltd. (河南頤城新天地酒店物業管理有限公司)	An enterprise controlled by the parent company
Henan Talent Group Co., Ltd. (河南省人才集團有限公司)	An enterprise controlled by the parent company
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	An enterprise controlled by de facto controllers of shareholders with significant influence over the Company
Henan Xinye Enterprise Management Partnership (Limited Partnership) (河南信鄴企業管理合夥企業(有限合夥)) ("Henan Xinye Partnership")	An associate of the Company
Henan Xinshuo Enterprise Management Partnership (Limited Partnership) (河南信碩企業管理合夥企業(有限合夥)) ("Henan Xinshuo Partnership")	An associate of the Company
Henan Xinchang Investment Management Center (Limited Partnership) (河南信昌投資管理中心(有限合夥)) ("Henan Xinchang Partnership")	An associate of the Company
MCL Electronic Materials Co., Ltd.	An associate of the Company

Names of other related parties	Relationship between other related parties and the Company
Hongyi Investment Management (Henan) Partnership Enterprise (Limited Partnership) (泓羿投資管理(河南)合夥企業(有限合夥))	An associate of the Company
Jiaxing Junpeng Investment Partnership (Limited Partnership) (嘉興君鵬投資合夥企業(有限合夥))	An associate of the Company
Henan Zekuan Enterprise Management Consulting Partnership (Limited Partnership) (河南擇寬企業管理諮詢合夥企業(有限合夥))	An associate of the Company
Henan Lingxin Enterprise Management Partnership (Limited Partnership) (河南領信企業管理合夥企業(有限合夥))	An associate of the Company
Henan Hongsong Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓松股權投資基金合夥企業(有限合夥))	An associate of the Company
Zhoukou Yujixing Enterprise Management Partnership (Limited Partnership) (周口豫冀興企業管理合夥企業(有限合夥)) (“ <b>Zhoukou Yujixing Partnership</b> ”)	A partnership managed by a significant subsidiary
Luohe Economic and Technological Development Zone Hongsheng Fund Partnership (L.P.) (漯河經濟技術開發區泓晟基金合夥企業(有限合夥)) (“ <b>Luohe Development Partnership</b> ”)	A partnership managed by a significant subsidiary
Henan Xinyu Debt Smoothing Investment Partnership (Limited Partnership) (河南信豫債務平滑投資合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Hongqi Optoelectronics Industry Fund Partnership (Limited Partnership) (河南泓淇光電子產業基金合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Xinxiang Zhongxin Fengyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新鳳源企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Xinze Investment Partnership Enterprise (Limited Partnership) (河南信澤投資合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Xinpan Enterprise Management Partnership (Limited Partnership) (河南信攀企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Xinnian Enterprise Management Partnership (Limited Partnership) (河南信年企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary

Names of other related parties	Relationship between other related parties and the Company
Xinxiang Zhongxinqiyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新啟原企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Xinyu Zhenggao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Xinyang Yushen Stable Development Enterprise Management Partnership (Limited Partnership) (信陽豫申穩定發展企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Xinbu Enterprise Management Partnership (Limited Partnership) (河南信步企業管理合夥企業(有限合夥))	A partnership managed by a significant subsidiary
Henan Sunho Group Co., Ltd.	Minority shareholders in important subsidiaries
Beijing Shangzhong Investment Management Co., Ltd. (北京尚中投資管理有限公司)	Minority shareholders in important subsidiaries
Luohe Financial Holding Co., Ltd. (漯河市金融控股有限公司)	An investor exercising significant influence over subsidiaries
Luohe Urban Investment Holding Group Co., Ltd. (漯河市城市投資控股集團有限公司) ("Luohe Urban Investment Group")	The parent company of an investor exercising significant influence over subsidiaries
Shangqiu City Development Investment Group Co., Ltd. (商丘市發展投資集團有限公司)	An investor exercising significant influence over subsidiaries
Henan Blue Sky Group Co., Ltd. (河南藍天集團有限公司)	An investor exercising significant influence over subsidiaries

#### 4. Major transactions between the Group and related parties

Transactions between the Group and related parties were conducted in accordance with the terms of the agreements between the parties and business procedures, and the pricing principles were consistent with those for transactions with independent third parties.

**4.1 Amounts of related party transactions***(1) Receipt of services from and provision of services to related parties*

Related parties	Transactions	2023	2022
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	Property management/catering services	<b>418,712.05</b>	685,566.97
Henan Tiandi Hotel Co., Ltd. (河南天地酒店有限公司)	Vehicle usage/cleaning/property management/catering service	<b>123,209.83</b>	228,455.04
Henan Province Li-an Industry Co., Ltd. (河南省立安實業有限責任公司)	Vehicle usage	<b>568,927.59</b>	511,437.85
Henan Huirong Technology Service Co., Ltd. (河南匯融科技服務有限公司)	Consulting fee	<b>244,634.91</b>	601,420.76
Henan Talent Group Co., Ltd. (河南省人才集團有限公司)	Conference fees/training fees	<b>2,088,983.97</b>	658,894.33
Henan Yicheng Xintiandi Hotel Property Management Co., Ltd. (河南頤城新天地酒店物業管理有限公司)	Property management	<b>3,861,062.95</b>	924,487.52
Henan Xinchang Partnership (河南信昌合夥企業)	Fund management service	<b>2,715,170.15</b>	3,230,291.80
Henan Xinye Partnership (河南信鄰合夥企業)	Fund management service	<b>5,745,194.92</b>	6,273,978.93
Zhoukou Yujixing Partnership (周口豫冀興合夥企業)	Fund management service	<b>2,957,689.32</b>	3,537,735.86
Luohe Development Partnership (漯河開發合夥企業)	Fund management service	<b>13,485,409.19</b>	13,486,690.46
Henan Xinshuo Partnership (河南信碩合夥企業)	Fund management service	<b>382,582.75</b>	433,962.28
Henan Lingxin Enterprise Management Partnership (Limited Partnership) (河南領信企業管理合夥企業(有限合夥))	Fund management service	<b>94,339.63</b>	94,339.64
Henan Hongsong Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓松股權投資基金合夥企業(有限合夥))	Fund management service	<b>1,415,094.34</b>	421,477.98

## APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

Related parties	Transactions	2023	2022
Henan Xinyu Debt Smoothing Investment Partnership (Limited Partnership) (河南信豫債務平滑投資合夥企業(有限合夥))	Fund management service	1,144,799.54	—
Henan Hongqi Optoelectronics Industry Fund Partnership (Limited Partnership) (河南泓淇光電子產業基金合夥企業(有限合夥))	Fund management service	38,050.31	—
Xinxiang Zhongxin Fengyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新鳳源企業管理合夥企業(有限合夥))	Fund management service	255,503.14	—
Henan Xinze Investment Partnership Enterprise (Limited Partnership) (河南信澤投資合夥企業(有限合夥))	Fund management service	293,049.23	—
Henan Xinpan Enterprise Management Partnership (Limited Partnership) (河南信攀企業管理合夥企業(有限合夥))	Fund management service	17,777.25	—
Henan Xinnian Enterprise Management Partnership (Limited Partnership) (河南信年企業管理合夥企業(有限合夥))	Fund management service	97,732.40	—
Xinxiang Zhongxinjiyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新啟原企業管理合夥企業(有限合夥))	Fund management service	870,020.95	—
Henan Xinyu Zhenggao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	Fund management service	2,166,783.66	—
Xinyang Yushen Stable Development Enterprise Management Partnership (Limited Partnership) (信陽豫申穩定發展企業管理合夥企業(有限合夥))	Fund management service	962,631.02	—

(2) *Leases with related parties — as the lessee*

<b>Related parties</b>	<b>Transactions</b>	<b>2023</b>	<b>2022</b>
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	Financial expenses	<b>31,651.22</b>	175,855.59
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	Depreciation of the right-of-use assets	<b>2,396,978.60</b>	3,177,592.69
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	Other operating costs	—	3,115,550.65
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	Lease liabilities/lease payments	<b>2,338,702.85</b>	650,704.53
		<b>=====</b>	<b>=====</b>

(3) *Interest income from related parties*

<b>Related parties</b>	<b>Transactions</b>	<b>2023</b>	<b>2022</b>
Trust products issued by Zhongyuan Trust Co., Ltd.	Interest income from distressed assets	<b>100,154,325.73</b>	282,929,960.79
Luohe Urban Investment Group	Interest income from distressed assets	<b>44,233,490.57</b>	15,825,471.70
Henan Blue Sky Group Co., Ltd. (河南藍天集團有限公司)	Interest income from distressed assets	<b>4,364,494.33</b>	5,765,158.45
		<b>=====</b>	<b>=====</b>

(4) *Investment income from related parties*

<b>Related parties</b>	<b>Transactions</b>	<b>2023</b>	<b>2022</b>
Henan Sunho Group Co., Ltd.	Income from equity investment	<b>365,855,694.35</b>	199,038,763.31
		<b>=====</b>	<b>=====</b>

**4.2 Balance of related party transactions***(1) Investment in trust products issued by related parties*

<b>Related parties</b>	<b>Transactions</b>	<b>31 December 2023</b>	31 December 2022
Zhongyuan Trust Co., Ltd.	Principal	<b>1,148,500,000.00</b>	2,418,252,000.00
Zhongyuan Trust Co., Ltd.	Interest receivable	<b>27,331,826.29</b>	47,786,720.03

*(2) Purchase of debts issued by related parties*

<b>Related parties</b>	<b>Transactions</b>	<b>31 December 2023</b>	31 December 2022
Luohe Urban Investment Group	Debt investments	—	566,775,000.00
Shangqiu City Development Investment Group Co., Ltd.	Debt investments	<b>119,996,133.33</b>	319,989,688.89
Henan Blue Sky Group Co., Ltd. (河南藍天集團有限公司)	Debt investments	<b>30,656,828.54</b>	48,225,835.20
Total		<b>150,652,961.87</b>	934,990,524.09

*(3) Investments in equity of subsidiaries of related parties*

<b>Related parties</b>	<b>31 December 2023</b>	31 December 2022
Henan Sunho Group Co., Ltd.	<b>—</b>	600,000,000.00

*(4) Accounts receivable from and accounts payable to related parties*

Accounts receivable

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Related parties	31 December 2023		31 December 2022	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Henan Dahe Jinyue Hotel Co., Ltd. (河南大河錦悅酒店有限公司)	—	—	576,905.90	174,816.14
Henan Smart Island Investment Co., Ltd. (河南智慧島投資有限公司)	4,000.00	400.00	4,000.00	400.00
Henan Tiandi Hotel Co., Ltd. (河南天地酒店有限公司)	400.00	40.00	400.00	40.00
<b>Total</b>	<b>4,400.00</b>	<b>440.00</b>	<b>581,305.90</b>	<b>175,256.14</b>

Related parties	Transactions	31 December 2023	31 December 2022
Henan Xinchang Partnership	Management fees receivable	5,879,507.03	3,001,426.67
Henan Xinye Partnership	Management fees receivable	2,486,338.32	2,897,266.96
Zhoukou Yujixing Partnership	Management fees receivable	1,489,324.85	1,854,174.17
Henan Yicheng Xintiandi Hotel Property Management Co., Ltd. (河南頤城新天地酒店物業管理有限公司)	Prepayment of property fees	182,241.32	—
Henan Xinbu Enterprise Management Partnership (Limited Partnership) (河南信步企業管理合夥企業(有限合夥))	Management fees receivable	5,000.00	—
Henan Xinyu Zhenggao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	Management fees receivable	153,400.84	—
Henan Xinshuo Partnership	Management fees receivable	107,167.83	—
Henan Xinpan Enterprise Management Partnership (Limited Partnership) (河南信攀企業管理合夥企業(有限合夥))	Management fees receivable	18,843.88	—



**APPENDIX I****AUDITED FINANCIAL STATEMENTS OF  
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<b>Related parties</b>	<b>Transactions</b>	<b>31 December 2023</b>	31 December 2022
Henan Hongqi Optoelectronics Industry Fund Partnership (Limited Partnership) (河南泓淇光電子產業基金合夥企業(有限合夥))	Management fees receivable	<b>40,333.32</b>	—

Accounts payable and others

<b>Related parties</b>	<b>Transactions</b>	<b>31 December 2023</b>	31 December 2022
Zhengzhou Gaowu Property Co., Ltd. (鄭州高屋置業有限公司)	Prepaid supervision fee	—	2,650,943.38
Zhongyuan Trust Co., Ltd.	Interest payable on trust loans	—	74,730,287.26
Luohe Development Partnership	Fund management fees received in advance	<b>6,666,475.21</b>	6,666,475.21
Henan Xinshuo Partnership	Fund management fees received in advance	—	298,369.86
Henan Xinheng Enterprise Management Partnership (Limited Partnership) (河南信恆企業管理合夥企業(有限合夥))	Fund management fees received in advance	<b>99,559.09</b>	—

**XI. COMMITMENTS**

	<b>31 December 2023</b>	31 December 2022
Payment for purchase of property	—	10,000,000.00

**XII. EVENTS AFTER THE BALANCE SHEET DATE**

Apart from the above, there are no other significant matters that need to be explained.

**XIII. OTHER IMPORTANT MATTERS**

As at the balance sheet date, there are no other significant matters that need to be explained.

## XIV. COMPARATIVE DATA

Certain comparative data have been rearranged to meet the presentation requirements for the current year.

## XV. NOTES ON MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

## 1. Cash and bank balances

	31 December 2023	31 December 2022
Deposits in bank	1,337,451,369.11	1,496,457,287.45
Other cash and bank balances	<u>1,017,595.94</u>	<u>11,556,622.57</u>
Total	<u><u>1,338,468,965.05</u></u>	<u><u>1,508,013,910.02</u></u>

## 2. Long-term equity investment

	31 December 2023	31 December 2022
<b>Joint venture</b>		
Henan Asset Jianyuan Stable Development Equity Investment Partnership (Limited Partnership) (河南資產建源穩定發展股權投資合夥企業(有限合夥))	<u>53,991,741.74</u>	<u>3,991,741.74</u>
<b>Associates</b>		
Henan Senyuan Electric Co., Ltd.	—	379,791,595.92
Zhongyuan Environmental Protection Co., Ltd.	393,168,902.11	300,634,325.95
Zhengzhou Coal Mining Machinery Group Company Limited	1,193,161,932.63	1,101,624,819.68
Luoyang Single Crystal Silicon Group Co., Ltd.	87,098,191.59	90,012,452.20
MCL Electronic Materials Co., Ltd.	153,048,355.88	154,938,805.78
Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司)	—	305,096,250.00
Jiaying Junpeng Investment Partnership (Limited Partnership) (嘉興君鵬投資合夥企業(有限合夥))	156,741,534.76	100,157,242.20

	31 December 2023	31 December 2022
Henan Xinchang Investment Management Center (Limited Partnership) (河南信昌投資管理中心(有限合夥))	<b>274,606,723.85</b>	277,576,582.84
Henan Xinze Investment Partnership Enterprise (Limited Partnership) (河南信澤投資合夥企業(有限合夥))	<b>150,560,185.24</b>	—
Henan Xinye Enterprise Management Partnership (Limited Partnership) (河南信鄴企業管理合夥企業(有限合夥))	<b>516,168,445.31</b>	554,492,933.95
Henan Xinqu Enterprise Management Partnership (Limited Partnership) (河南信渠企業管理合夥企業(有限合夥))	<b>33,455,845.90</b>	33,410,000.00
Henan Xinshuo Enterprise Management Partnership (Limited Partnership) (河南信碩企業管理合夥企業(有限合夥))	<b>9,353,976.96</b>	12,251,133.34
Henan Xinneng Enterprise Management Partnership (Limited Partnership) (河南信能企業管理合夥企業(有限合夥))	—	111,752,802.75
Henan Lingxin Enterprise Management Partnership (Limited Partnership) (河南領信企業管理合夥企業(有限合夥))	<b>30,398,457.94</b>	46,633,493.14
Henan Hongsong Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓松股權投資基金合夥企業(有限合夥))	<b>115,169,471.72</b>	106,370,714.36
Henan Xinda Xingshang Enterprise Management Partnership (Limited Partnership) (河南信達興商企業管理合夥企業(有限合夥))	<b>46,980,000.00</b>	46,980,000.00
Xinxiang Zhongxinqiyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新啟原企業管理合夥企業(有限合夥))	<b>200,686,738.16</b>	—
Henan Xinyu Zhenggao Enterprise Management Partnership (Limited Partnership) (河南信豫鄭高企業管理合夥企業(有限合夥))	<b>329,986,803.56</b>	—
Henan Xinxue Enterprise Management Partnership (Limited Partnership) (河南信學企業管理合夥企業(有限合夥))	<b>242,990,898.70</b>	—
Henan Jinshui Urban Renewal Management Partnership Enterprise (Limited Partnership) (河南金水城市更新管理合夥企業(有限合夥))	<b>70,000,000.00</b>	—

	31 December 2023	31 December 2022
Xinyang Yushen Stable Development Enterprise Management Partnership (Limited Partnership) (信陽豫申穩定發展企業管理合夥企業(有限合夥))	602,134,912.41	—
Shenma Industrial Co., Ltd.	245,964,704.28	—
Xinxiang Zhongxin Fengyuan Enterprise Management Partnership (Limited Partnership) (新鄉中新鳳源企業管理合夥企業(有限合夥))	301,051,233.99	—
<b>Subsidiaries</b>		
Henan Asset Fund Management Co., Ltd. (河南資產基金管理有限公司)	10,000,000.00	10,000,000.00
Henan Asset Finance & Leasing Co., Ltd. (河南資產融資租賃有限公司)	1,000,000,000.00	1,000,000,000.00
Zhumadian Pangu Asset Management Co., Ltd. (駐馬店盤古資產管理有限公司)	510,000,000.00	510,000,000.00
Shangqiu Guide Asset Management Co., Ltd. (商丘歸德資產管理有限公司)	510,000,000.00	510,000,000.00
Luohe Asset Management Co., Ltd. (漯河資產管理有限公司)	510,000,000.00	510,000,000.00
Henan Xinhou Enterprise Management Partnership (Limited Partnership) (河南信厚企業管理合夥企業(有限合夥))	50,391,051.61	50,391,051.61
Henan Asset Enterprise Transformation and Development Fund (Limited Partnership) (河南資產企業轉型發展基金(有限合夥))	390,432,177.27	395,360,191.67
Henan Xinde Commercial Operation Management Partnership Enterprise (Limited Partnership) (河南信德商業運營管理合夥企業(有限合夥))	40,000,000.00	40,000,000.00
Henan Hongpu Equity Investment Fund (Limited Partnership) (河南泓樸股權投資基金(有限合夥))	489,658,781.20	489,658,781.20
Henan Hongchu Equity Investment Fund (Limited Partnership) (河南泓初股權投資基金(有限合夥))	80,000,000.00	80,000,000.00
Henan Hongsheng Equity Investment Fund (Limited Partnership) (河南泓盛股權投資基金(有限合夥))	404,741,596.00	303,441,596.00
Henan Hongyuan Equity Investment Fund (Limited Partnership) (河南泓遠股權投資基金(有限合夥))	40,460,000.00	40,460,000.00

## APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

	31 December 2023	31 December 2022
Henan Xinqiang Enterprise Management Partnership (Limited Partnership) (河南信強企業管理合夥企業(有限合夥))	154,168,968.68	25,000,000.00
Henan Honghou Equity Investment Fund Partnership Enterprise (Limited Partnership) (河南泓厚股權投資基金合夥企業(有限合夥))	<u>1,000,000.00</u>	<u>—</u>
Less: Provision for impairment of long-term equity investments	<u>189,848,433.49</u>	<u>271,175,366.08</u>
Total	<u><u>9,207,723,198.00</u></u>	<u><u>7,318,851,148.25</u></u>

## 3. Cash flows from operating activities

	2023	2022
Net profit	546,608,388.27	580,753,565.96
Add: Assets impairment losses	189,848,433.49	—
Expected credit losses	100,014,561.58	518,796,911.43
Depreciation and amortization	7,043,758.67	6,175,022.48
Gains on changes in fair value	(283,144,519.95)	(178,027,738.08)
Investment income	(993,944,545.86)	(950,795,376.34)
Interest expense	921,912,656.17	965,866,395.61
Gains from assets disposal	(21,582.13)	(6,995,329.67)
Amortization of deferred income	(1,233,333.36)	(925,000.01)
Increase in deferred income tax assets	(94,711,985.99)	(92,779,111.96)
(Increase)/decrease in operating receivables	425,159,909.85	(11,081,070,733.84)
Increase in operating payables	<u>303,407,332.01</u>	<u>409,769,423.03</u>
Net cash flows from/(used in) operating activities	<u><u>1,120,939,072.75</u></u>	<u><u>(9,829,231,971.39)</u></u>

## 4. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash		
Including: Deposits in bank	1,337,451,369.11	1,496,457,287.45
Other cash and bank balances	<u>1,017,595.94</u>	<u>11,556,622.57</u>
Closing balance of cash and cash equivalents	<u><u>1,338,468,965.05</u></u>	<u><u>1,508,013,910.02</u></u>

## XVI. APPROVAL OF FINANCIAL STATEMENTS

The financial statement was approved by the Company's management on 29 March 2024.

Statements prepared in accordance with the general corporate financial statements format:

## CONSOLIDATED BALANCE SHEET

Assets	31 December 2023	31 December 2022
<b>Current assets</b>		
Cash and bank balances	1,434,765,945.84	1,766,404,574.91
Financial assets held for trading	19,526,998,578.03	19,821,597,118.00
Accounts receivable	32,864,916.07	28,407,051.03
Prepayments	52,001,595.70	70,521,942.42
Other receivables	25,075,674.14	161,733,610.23
Non-current assets due within one year	3,455,069,560.22	5,633,765,556.46
Other current assets	14,177,037.10	26,750,814.81
Total current assets	<u>24,540,953,307.10</u>	<u>27,509,180,667.86</u>
<b>Non-current assets</b>		
Debt investments	2,534,673,112.69	2,596,588,625.81
Long-term equity investment	7,138,208,048.96	4,467,696,082.33
Investment properties	43,371,244.89	—
Fixed assets	658,616,628.35	971,174.46
Construction in progress	—	645,950,407.46
Right-of-use assets	—	2,663,954.43
Intangible assets	3,306,347.36	2,893,629.89
Deferred income tax assets	388,620,630.04	272,096,198.96
Other non-current assets	196,198,266.62	175,114,523.00
Total non-current assets	<u>10,962,994,278.91</u>	<u>8,163,974,596.34</u>
Total assets	<u><u>35,503,947,586.01</u></u>	<u><u>35,673,155,264.20</u></u>

## APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

Liabilities and owners' equity	31 December 2023	31 December 2022
<b>Current liabilities</b>		
Short-term loans	—	764,756,137.09
Accounts payable	<b>34,503,320.68</b>	796,497.01
Contract liabilities	<b>7,218,422.25</b>	7,679,865.29
Employee benefits payable	<b>250,501,617.46</b>	195,426,077.91
Taxes payable	<b>190,129,584.62</b>	90,066,519.94
Other payables	<b>879,697,963.99</b>	809,950,203.14
Non-current liabilities due within one year	<b>4,386,425,153.45</b>	3,634,713,966.42
Other current liabilities	<b>13,427,144.67</b>	11,561,690.05
Total current liabilities	<b>5,761,903,207.12</b>	5,514,950,956.85
<b>Non-current liabilities</b>		
Long-term loans	<b>13,289,070,000.00</b>	15,289,970,000.00
Bonds payable	<b>2,026,201,442.36</b>	498,240,192.57
Lease liabilities	—	2,599,389.57
Deferred income	<b>4,707,666.63</b>	5,940,999.99
Total non-current liabilities	<b>15,319,979,108.99</b>	15,796,750,582.13
Total liabilities	<b>21,081,882,316.11</b>	21,311,701,538.98
<b>Owners' equity</b>		
Share capital	<b>6,000,000,000.00</b>	5,000,000,000.00
Including: State-owned capital	<b>6,000,000,000.00</b>	5,000,000,000.00
Other equity instruments	<b>5,700,000,000.00</b>	5,700,000,000.00
Other comprehensive income	<b>17,350,285.60</b>	29,924,414.53
Surplus reserve	<b>245,389,710.22</b>	190,728,871.39
Undistributed profits	<b>707,587,677.45</b>	1,350,106,054.62
Total equity attributable to owners of the parent company	<b>12,670,327,673.27</b>	12,270,759,340.54
Non-controlling interests	<b>1,751,737,596.63</b>	2,090,694,384.68
Total owners' equity	<b>14,422,065,269.90</b>	14,361,453,725.22
Total liabilities and owners' equity	<b>35,503,947,586.01</b>	35,673,155,264.20



## CONSOLIDATED INCOME STATEMENT

	2023	2022
Total operating income	<u>660,138,019.62</u>	<u>820,278,580.68</u>
Interest income	625,833,321.07	786,599,499.00
Other operating income	34,304,698.55	33,679,081.68
Total operating cost	<u>1,085,772,690.42</u>	<u>1,097,766,053.66</u>
Other operating costs	216,806.98	3,857,527.07
Taxes and surcharges	19,428,774.17	10,093,881.28
Administration expenses	181,013,625.97	155,662,292.15
Financial expenses	885,113,483.30	928,152,353.16
Including: Interest expense	904,722,030.44	958,602,510.69
Interest income	19,608,547.14	30,450,157.53
Assets impairment losses	(194,253,880.69)	—
Expected credit losses	(199,631,378.33)	(548,111,833.54)
Gains on changes in fair value	270,805,105.97	176,039,459.12
Investment income	1,751,478,331.26	1,597,698,263.85
Gains from assets disposal	25,362.11	6,995,329.67
Other income	5,485,850.87	16,458,198.68
Operating profit	1,208,274,720.39	971,591,944.80
Add: Non-operating income	—	300,000.00
Less: Non-operating expenses	<u>342,196.48</u>	<u>16,908.40</u>
Profit before tax	1,207,932,523.91	971,875,036.40
Less: Income tax expenses	<u>139,893,624.59</u>	<u>120,147,409.23</u>
Net profit	<u><u>1,068,038,899.32</u></u>	<u><u>851,727,627.17</u></u>
Classified by ownership		
Net profit attributable to owners of the parent company	612,142,461.66	547,504,129.24
Net profit attributable to non-controlling interests	455,896,437.66	304,223,497.93

## APPENDIX I

AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED

	2023	2022
Other comprehensive income after tax	<b>(12,574,128.93)</b>	29,651,724.67
Other comprehensive income after tax attributable to owners of the parent company	<b>(12,574,128.93)</b>	29,651,724.67
To be reclassified subsequently to profit or loss	<b>(347,773.34)</b>	1,557,654.56
Items that will be reclassified to profit or loss under equity method	<b>(347,773.34)</b>	1,557,654.56
Not to be reclassified subsequently to profit or loss	<b>(12,226,355.59)</b>	28,094,070.11
Items that will not be reclassified to profit or loss under equity method	<b>(12,226,355.59)</b>	28,094,070.11
Total comprehensive income	<b><u>1,055,464,770.39</u></b>	<b><u>881,379,351.84</u></b>
Including:		
Items attributable to owners of the parent company	<b>599,568,332.73</b>	577,155,853.91
Items attributable to non-controlling interests	<b>455,896,437.66</b>	304,223,497.93

## BALANCE SHEET

Assets	31 December 2023	31 December 2022
<b>Current assets</b>		
Cash and bank balances	1,338,468,965.05	1,508,013,910.02
Financial assets held for trading	18,241,396,545.85	18,469,705,189.56
Accounts receivable	22,690,000.00	21,659,641.84
Advance payment	51,896,431.81	70,521,942.42
Other receivables	23,152,415.14	60,564,285.24
Non-current assets due within one year	2,695,843,245.26	3,715,632,898.49
Other current assets	3,103,958.95	197,467.15
Total current assets	<u>22,376,551,562.06</u>	<u>23,846,295,334.72</u>
<b>Non-current assets</b>		
Debt investments	2,311,917,622.37	2,368,757,340.50
Long-term equity investment	9,207,723,198.00	7,318,851,148.25
Investment properties	43,371,244.89	—
Fixed assets	658,595,019.83	881,121.68
Construction in progress	—	645,950,407.46
Right-of-use assets	—	1,980,238.33
Intangible assets	3,306,347.36	2,893,629.89
Deferred income tax assets	336,792,262.85	242,080,276.86
Other non-current assets	190,591,333.82	175,114,523.00
Total non-current assets	<u>12,752,297,029.12</u>	<u>10,756,508,685.97</u>
Total assets	<u><u>35,128,848,591.18</u></u>	<u><u>34,602,804,020.69</u></u>

**APPENDIX I**
**AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED**

<b>Liabilities and owners' equity</b>	<b>31 December 2023</b>	31 December 2022
<b>Current liabilities</b>		
Short-term loans	—	764,756,137.09
Accounts payable	<b>34,436,553.63</b>	729,729.96
Employee benefits payable	<b>223,897,565.76</b>	170,867,714.97
Taxes payable	<b>158,005,401.55</b>	55,575,157.19
Contract liabilities	<b>122,780.35</b>	1,715,478.82
Other payables	<b>2,712,717,085.57</b>	2,157,593,999.97
Non-current liabilities due within one year	<b>4,386,425,153.45</b>	3,634,713,966.42
Other current liabilities	<b>9,027,839.99</b>	8,237,594.03
<b>Total current liabilities</b>	<b>7,524,632,380.30</b>	6,794,189,778.45
<b>Non-current liabilities</b>		
Long-term loans	<b>13,289,070,000.00</b>	15,289,970,000.00
Bonds payable	<b>2,026,201,442.36</b>	498,240,192.57
Lease liabilities	—	1,956,359.01
Deferred income	<b>4,707,666.63</b>	5,940,999.99
<b>Total non-current liabilities</b>	<b>15,319,979,108.99</b>	15,796,107,551.57
<b>Total liabilities</b>	<b>22,844,611,489.29</b>	22,590,297,330.02
<b>Owners' equity</b>		
Share capital	<b>6,000,000,000.00</b>	5,000,000,000.00
Including: State-owned capital	<b>6,000,000,000.00</b>	5,000,000,000.00
Other equity instruments	<b>5,700,000,000.00</b>	5,700,000,000.00
Other comprehensive income	<b>4,431,647.67</b>	12,460,506.01
Surplus reserve	<b>245,389,710.22</b>	190,728,871.39
Undistributed profits	<b>334,415,744.00</b>	1,109,317,313.27
<b>Total owners' equity</b>	<b>12,284,237,101.89</b>	12,012,506,690.67
<b>Total liabilities and owners' equity</b>	<b>35,128,848,591.18</b>	34,602,804,020.69

## INCOME STATEMENT

	2023	2022
Total operating income	<u>470,977,918.48</u>	<u>572,111,677.53</u>
Interest income	469,256,313.47	565,911,072.81
Other operating income	1,721,605.01	6,200,604.72
Total operating cost	<u>1,073,266,063.80</u>	<u>1,076,538,188.25</u>
Other operating costs	216,806.98	3,857,527.07
Taxes and surcharges	17,056,069.52	7,146,218.87
Administration expenses	151,850,363.65	125,325,122.84
Financial expenses	904,142,823.65	940,209,319.47
Including: Interest expense	922,191,196.62	968,394,436.56
Interest income	18,048,372.97	28,185,117.09
Assets impairment losses	(189,848,433.49)	—
Expected credit losses	(100,014,561.58)	(518,796,911.43)
Gains on changes in fair value	283,144,519.95	178,027,738.08
Investment income	1,243,023,268.36	1,457,802,262.16
Gains from assets disposal	21,582.13	6,995,329.67
Other income	3,678,687.17	1,132,976.37
Operating profit	637,716,917.22	620,734,884.13
Less: Non-operating expenses	<u>342,196.48</u>	<u>16,908.40</u>
Profit before tax	637,374,720.74	620,717,975.73
Less: Income tax expenses	<u>90,766,332.47</u>	<u>39,964,409.77</u>
Net profit	<u><u>546,608,388.27</u></u>	<u><u>580,753,565.96</u></u>

**APPENDIX I****AUDITED FINANCIAL STATEMENTS OF  
HENAN ASSET MANAGEMENT COMPANY LIMITED**

	2023	2022
Other comprehensive income after tax	<b>(8,028,858.34)</b>	13,569,593.34
To be reclassified subsequently to profit or loss	<b>(230,873.70)</b>	755,923.43
Items that will be reclassified to profit or loss under equity method	<u><b>(230,873.70)</b></u>	<u>755,923.43</u>
Not to be reclassified subsequently to profit or loss	<b>(7,797,984.64)</b>	12,813,669.91
Items that will not be reclassified to profit or loss under equity method	<u><b>(7,797,984.64)</b></u>	<u>12,813,669.91</u>
Total comprehensive income	<u><b>538,579,529.93</b></u>	<u>594,323,159.30</u>

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# NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

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## Central China Securities Co., Ltd.

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)*

**(Stock Code: 01375)**

### NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2024 second extraordinary general meeting (the “**EGM**”) of Central China Securities Co., Ltd. (the “**Company**”) will be held at 9:30 a.m. on Friday, 27 December 2024 at Conference Room, 17th Floor, Zhongyuan Guangfa Financial Building, No. 10 Shangwu Waihuan Road, Zhengzhou, Henan Province, the PRC, for the purpose of considering and, if thought fit, passing the following resolutions:

Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 5 December 2024 (the “**Circular**”).

#### AS SPECIAL RESOLUTION

1. To consider and approve the Resolution on Amendments to the Articles of Association, please refer to the Circular for details of the Proposed Amendments.

#### AS ORDINARY RESOLUTIONS

2. To consider and approve the Resolution on Change of Accounting Firm for Annual Audit for 2024.
3. To consider and approve the Resolution on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management.
4. To consider and approve the Resolution on Central China Blue Ocean to Waive Proportional Capital Increase in Henan Asset.
5. To consider and approve the Resolution on Central China Blue Ocean to Waive the Transfer of Henan Asset's Equity by Henan Asset's Shareholders.

By order of the Board  
**Central China Securities Co., Ltd.**  
**LU Zhili**  
*Chairman*

Henan, the PRC  
5 December 2024

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## NOTICE OF THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The register of members of H Shares of the Company will be closed from 20 December 2024 to 27 December 2024 (both days inclusive), during which period no transfer of H Shares of the Company can be registered. For H Shareholders who wish to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 19 December 2024.
2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder of the Company.
3. In order to be valid, the H Shareholders’ proxy form for the EGM must be deposited by hand or by post to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares of the Company) not less than 24 hours before the time scheduled for holding the EGM or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof should they so wish.
4. Shareholders or their proxies shall provide their identification documents when attending the EGM.
5. The on-site EGM is expected to take half a day approximately. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
6. The address of the Company’s head office in the PRC is No. 10 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC.

*As at the date of this notice, the executive Director of the Company is Mr. LU Zhili; the non-executive Directors are Mr. LI Xingjia, Ms. ZHANG Qiuyun, Mr. TANG Jin and Mr. TIAN Shengchun; and the independent non-executive Directors are Mr. CHEN Zhiyong, Mr. TSANG Sung and Mr. HE Jun.*