# Wuhan Optics Valley Financial Holding Group Co., Ltd.

# 2024 Tracking Rating Report

**Lianhe Credit Rating Co., Ltd.**

China Lianhe Credit Rating Co., Ltd.

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# Credit Rating Announcement

Lian He [2024] No. 5377

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

Lianhe Credit Rating Co., Ltd. has tracked, analyzed and evaluated the credit status of Wuhan Optics Valley Financial Holding Group Co., Ltd. and its related bonds, and determined to maintain the long-term credit rating of Wuhan Optics Valley Financial Holding Group Co., Ltd. at AAA, and maintain the credit ratings of "23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes)", "23 Optics Valley Financial Holding MTN002 (Science and Technology Innovation Notes)" and "22 Guangkong 01" at AAA, with a stable rating outlook.

Announcement is hereby made.

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Lianhe Credit Rating Co., Ltd.

Rating Director: [signature]

June 28, 2024

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# Statement

1. This report is an independent opinion statement of Lianhe Credit based on the rating method and rating procedure as of the date of publication, and is not influenced by any organization or individual. The rating conclusion and related analysis are forward-looking views expressed by Lianhe Credit on the rated object based on relevant information and materials, rather than factual statements or certification opinions on the rated object. Lianhe Credit has sufficient reasons to ensure that the rating report issued follows the principles of truthfulness, objectivity and fairness. In view of the characteristics of credit rating work and the influence of objective conditions, this report has limitations in terms of data information acquisition, rating methods and models, and future event prediction and evaluation.

2. This report was issued by Lianhe Credit on behalf of Wuhan Optics Valley Financial Holding Group Co., Ltd. (hereinafter referred to as "the company"). In addition to the rating entrustment relationship between Lianhe Credit and the company for this rating matter, Lianhe Credit signed an ESG research report agreement with the company. Given that the department of Lianhe Credit that undertakes ESG research business is isolated from the market department and credit rating business department in terms of business, personnel, and file management, the company's credit rating business has not been affected by the above mentioned non-rating business.

3. The information cited in this report is mainly provided by the company or third-party related entities. Lianhe Credit has fulfilled the necessary due diligence obligations, but does not make any guarantee for the authenticity, accuracy and completeness of the cited information. Lianhe Credit reasonably accepts professional opinions issued by other professional institutions, but Lianhe Credit does not bear any responsibility for the professional opinions issued by professional institutions.

4. The results of this tracking rating are valid from the date of issuance of this report to the maturity date of the corresponding bonds; according to the conclusions of the tracking rating, the rating results may change during the validity period. Lianhe Credit reserves the right to adjust, update, terminate and revoke the rating results.

5. The rating conclusions and related analysis contained in this report do not constitute any investment or financial advice, and should not be regarded as recommendations or guarantees for the purchase, sale or holding of any financial products.

6. This report cannot replace the professional judgment of any institution or individual, and Lianhe Credit is not responsible for any losses caused by the use of this report and rating results by any institution or individual.

7. The tracking rating results of the subject rating and related bonds or securities listed in this report shall not be used for the issuance of other bonds or securities.

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| Project | Results of this rating | Results of the last rating | Time of this rating |
|---|---|---|---|
| Wuhan Optics Valley Financial Holding Group Co., Ltd. | AAA/Stable | AAA/Stable | 2024/06/28 |
| 23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes) | AAA/Stable | AAA/Stable | |
| 23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes) | AAA/Stable | AAA/Stable | |
| 22 Optics Valley Financial Holding 01 | AAA/Stable | AAA/Stable | |

## Rating opinion

During the tracking period, Wuhan Optics Valley Financial Holding Group Co., Ltd. (hereinafter referred to as the "Company"), as an important carrier for Donghu High-tech Zone to participate in the national strategy, has a stable regional position; the governance structure and internal control system have not undergone major changes. In terms of operations, the Company continued to participate in the layout of national key projects, completes the investment in Yangtze Memory Technologies Holdings Co., Ltd. (hereinafter referred to as "Yangtze Memory"), and newly established a parent fund, Wuhan New City Science and Technology Innovation Fund. The scale of investment assets continued to grow, but the exit income of fund investments had not yet appeared at this stage. In terms of finance, the total assets, mainly investment assets, have maintained growth, with good asset quality and weak liquidity; the growth rate of interest-bearing debt is fast, and the overall debt burden is controllable; the debt repayment indicators have performed well.

Individual adjustments: None.

External support adjustments: The Company can continue to obtain cash injections from shareholders.

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## Rating outlook

In the future, with the continued operation of the Company's technology investment business, investment projects will gradually enter the return period, and the synergy benefits of financial services and project services will gradually be reflected, and the Company's regional competitive advantages and operating strength are expected to be consolidated.

Sensitive factors that may lead to an upward rating: Not applicable.

Sensitive factors that may lead to a downward rating: The separation of the Company's investment assets has led to a significant decline in asset quality, a significant increase in financial leverage and increased liquidity pressure, and a significant deterioration in financial conditions; the Company's status has declined, and the support of shareholders and related parties to the Company has been significantly weakened.

## Advantages

■ The Company's location advantage in the Donghu High-tech Zone is outstanding, and the Company's investment business has a good external development environment. Donghu High-tech Zone, also known as "China Optical Valley", is one of the first batch of national high-tech zones, the second national independent innovation demonstration zone, and one of the four "central enterprises concentrated talent bases" in the country. It has formed a "221" industrial system, including "optical core, screen, terminal and network" and life and health industries, digital economy and new consumption industries, and "future industries", providing a good external environment for the development of the Company's equity investment business.

■ The Company has a significant regional status and has received strong support from shareholders and the government. The Company is an important carrier for Donghu High-tech Zone to participate in national strategies, and continues to participate in major national science and technology projects such as the second phase of the major fund, with a significant regional status. In 2023, shareholders Hubei Science and Technology Investment Group Co., Ltd. and Wuhan Gehua Group Co., Ltd. increased the Company's capital by 207 million yuan and 571 million yuan respectively. As of the end of March 2024, the Company's paid-in capital increased to 17.808 billion yuan, capital strength continued to increase, and financial flexibility remained at a good level.

## Note

■ There is uncertainty about the future exit of the Company's investment projects. Most of the Company's funds and private equity investments are in the early stages of investment, with great uncertainty in growth and capital recovery. Asset prices are easily affected by factors such as the macro economy, industry policies, capital market conditions, and the operation of invested projects, and there are income fluctuations and investment risks.

■ The Company's current income scale is relatively small. The Company's investment business has not entered the scale exit period at this stage. In 2023, it achieved investment income of 474 million yuan, which is relatively low compared to the investment scale.



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## Rating methods and models used in this rating

| | |
|---|---|
| **Rating method** | Equity investment enterprise credit rating method V4.0.202402 |
| **Rating model** | Equity investment enterprise main credit rating model (scoring table) V4.0.202402 |

Note: The above rating methods and rating models have been publicly disclosed on the official website of Lianhe Credit

## The rating score table and results

| Evaluation content | Evaluation results | Risk factors | Evaluation elements | Evaluation results |
|---|---|---|---|---|
| Operational risk | A | Operating environment | Macro and regional risks | 2 |
| | | | Industry risks | 4 |
| | | Own competitiveness | Basic qualities | 1 |
| | | | Enterprise management | 1 |
| | | | Operation analysis | 1 |
| Financial risk | F3 | Cash flow | Asset quality | 1 |
| | | | Profitability | 3 |
| | | | Cash flow | 6 |
| | | Capital structure | | 1 |
| | | Debt-paying ability | | 3 |
| **Indicative rating** | | | | **aa** |
| Individual adjustment factors: -- | | | | -- |
| **Individual credit rating** | | | | **aa** |
| External support adjustment factors: Shareholder support | | | | +2 |
| **Rating results** | | | | **AAA** |

Note: Operational risk is divided into 6 levels from low to high, A, B, C, D, E, and F, and the factor evaluation of each level is divided into 6 grades, with grade 1 being the best and grade 6 being the worst; financial risk is divided into 7 levels from low to high, F1-F7, and the factor evaluation of each level is divided into 7 1 is the best and 7 is the worst; financial indicators are weighted averages of the past three years; indicative rating results are obtained through a matrix analysis model

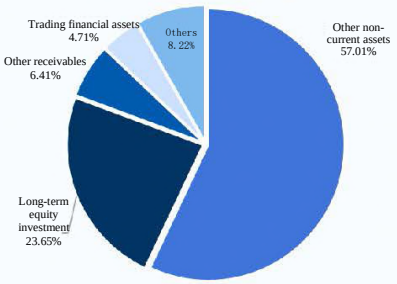
## Main financial data

| Consolidated statement | | | |
|---|---|---|---|
| **Project** | **2022** | **2023** | **March 2024** |
| Cash assets (hundred million yuan) | 80.26 | 65.04 | 67.12 |
| Total assets (hundred million yuan) | 593.23 | 762.62 | 776.59 |
| Owner's equity (hundred million yuan) | 396.65 | 451.21 | 452.33 |
| Short-term debt (hundred million yuan) | 24.06 | 26.71 | 21.92 |
| Long-term debt (hundred million yuan) | 70.19 | 168.54 | 175.26 |
| Total debt (hundred million yuan) | 94.26 | 195.25 | 197.18 |
| Total operating income (hundred million yuan) | 1.31 | 1.47 | 0.12 |
| Investment income (hundred million yuan) | 4.39 | 4.74 | 0.38 |
| Fair value change income (hundred million yuan) | 0.57 | 0.57 | 0.00 |
| Total profit (hundred million yuan) | 3.33 | 3.48 | -0.46 |
| EBITDA (hundred million yuan) | 5.07 | 6.87 | -- |
| Operating net cash flow (hundred million yuan) | -8.41 | 17.85 | 13.40 |
| Investing net cash flow (hundred million yuan) | -226.60 | -194.25 | -23.01 |
| Operating profit margin (%) | 59.60 | 63.37 | 11.45 |
| Return on net assets (%) | 0.76 | 0.73 | -- |
| Debt-to-asset ratio (%) | 33.14 | 40.83 | 41.75 |
| Total debt capitalization ratio (%) | 19.20 | 30.20 | 30.36 |
| Current ratio (%) | 160.69 | 130.53 | 125.42 |
| Operating cash flow to debt ratio (%) | 3.34 | 2.43 | 3.06 |
| Cash to short-term debt ratio (times) | 1.51 | 2.16 | -- |
| EBIT DA interest multiple (times) | 18.60 | 28.44 | -- |
| Total debt/EBITDA (times) | 0.76 | 0.73 | -- |

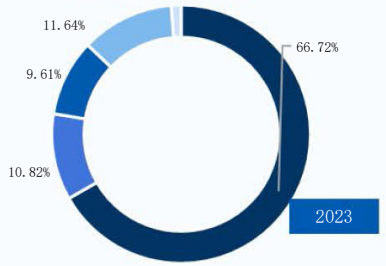
| Company headquarters statement | | | |
|---|---|---|---|
| **Project** | **2022** | **2023** | **March 2024** |
| Total assets (hundred million yuan) | 360.66 | 586.70 | 592.34 |
| Owner's equity (hundred million yuan) | 186.74 | 197.00 | 197.06 |
| Total debt (hundred million yuan) | 38.21 | 113.03 | 108.22 |
| Total operating income (hundred million yuan) | 0.82 | 0.97 | 0.00 |
| Investment income (hundred million yuan) | 3.46 | 4.64 | 0.00 |
| Total profit (hundred million yuan) | 2.46 | 2.96 | -0.81 |
| Debt-to-asset ratio (%) | 48.22 | 66.42 | 66.73 |
| Total debt capitalization ratio (%) | 16.98 | 36.46 | 35.45 |
| Current ratio (%) | 71.58 | 61.80 | 57.44 |
| Operating cash flow to debt ratio (%) | 7.02 | 22.99 | -- |

Note: The Company's first quarter 2024 financial statements are unaudited; interest-bearing debt in the consolidated long-term payables has been included in the long-term debt accounting; Source of data: Compiled by Lianhe Credit based on the Company's financial report

Company asset structure at the end of 2023




Company income structure in 2023




▪ Guidance fund management fee ▪ Leasing service ▪ Project service ▪ Financial service ▪ Other business

Cash flow of the Company in 2022-2023

▪ Net cash flow from operating activities ▪ Net cash flow from investing activities ▪ Net cash flow from financing activities

Debt situation of the Company at the end of 2022-2023

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## Overview of tracking rating bonds

| Bond abbreviation | Issuance scale | Bond balance | Maturity date | Special terms |
|---|---|---|---|---|
| 22 Optics Valley Financial Holding 01 | 1 billion yuan | 1 billion yuan | 2025-10-26 | Redemption, adjustment of coupon rate, repurchase, debt repayment guarantee commitment |
| 23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes) | 300 million yuan | 300 million yuan | 2026-01-18 | Adjustment of coupon rate, repurchase |
| 23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes) | 700 million yuan | 700 million yuan | 2026-03-20 | Adjustment of coupon rate, repurchase |

Note: The above bonds only include bonds rated by Lianhe Credit Rating and still in existence at the time of rating
Source of data: Collated by Lianhe Credit

## Rating history

| Debt abbreviation | Debt rating results | Entity rating results | Rating time | Project team | Rating method/model | Rating report |
|---|---|---|---|---|---|---|
| 22 Optics Valley Financial Holding 01<br>23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes)<br>23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes) | AAA | AAA | 2023/6/27 | Wang Qing Liu Bingjiang | General credit rating method for industrial and commercial enterprises V3.1.202204<br>General credit rating model for industrial and commercial enterprises (scoring table) V3.1.202204 | Read full text |
| 22 Optics Valley Financial Holding 01 | AA+ | AA+ | 44742 | Wang Ximei Liu Bingjiang | General credit rating method for industrial and commercial enterprises V3.1.202204<br>General credit rating model for industrial and commercial enterprises (scoring table) V3.1.202204 | Read full text |
| 23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes) | AA+ | AA+ | 2022/7/1 | Wang Ximei Liu Bingjiang | General credit rating method for industrial and commercial enterprises V3.1.202204<br>General credit rating model for industrial and commercial enterprises (scoring table) V3.1.202204 | Read the full text |
| 23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes) | AA+ | AA+ | 2022/7/1 | Wang Ximei Liu Bingjiang | General credit rating method for industrial and commercial enterprises V3.1.202204<br>General credit rating model for industrial and commercial enterprises (scoring table) V3.1.202204 | Read the full text |

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Note: The rating reports of the above historical rating projects can be viewed through the report link
Source of data: Collated by Lianhe Credit

## Rating project team

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# I. Reasons for tracking rating

According to relevant laws and regulations, this tracking rating is conducted in accordance with the tracking rating arrangement of Lianhe Credit Rating Co., Ltd. (hereinafter referred to as "Lianhe Credit") on Wuhan Optics Valley Financial Holding Group Co., Ltd. (hereinafter referred to as "the Company") and its related bonds.

# II. Basic information of the Company

The Company was established by Hubei Science and Technology Investment Group Co., Ltd. (hereinafter referred to as "Hubei Science and Technology Investment") with the approval of Wuhan Donghu New Technology Development Zone State-owned Assets Supervision and Administration Office per the Wu Xin Guo Zi Ban Zi [2015] No. 12, with an initial registered capital of RMB 50 million. In August 2015, Hubei Science and Technology Investment increased the Company's capital with the equity of three wholly-owned subsidiaries, Wuhan Optics Valley Venture Capital Fund Co., Ltd., Wuhan Optics Valley Talent Investment Fund Co., Ltd. (later renamed "Wuhan Optics Valley Partner Investment Guidance Fund Co., Ltd.") and Wuhan Donghu New Technology Development Zone Productivity Promotion Center (hereinafter referred to as "Productivity Center"), as well as other equity assets held. The Company's registered capital and paid-in capital were both changed to 2.198 billion yuan; after several capital increases and the introduction of other investors, the Company's capital scale continued to increase. As of the end of March 2024, the Company's registered capital was 20.00 billion yuan and the paid-in capital was 17.808 billion yuan. The controlling shareholder is Hubei Science and Technology Investment (holding 54.61%), and the actual controller is Wuhan Donghu New Technology Development Zone Management Committee (hereinafter referred to as "Donghu High-tech Zone Management Committee").

The Company's main business is fund investment, and it is classified as an equity investment enterprise according to the Lianhe Credit industry classification standard.

As of the end of 2023, the Company's headquarters has several functional departments, including the Discipline Inspection and Supervision Department (Audit Department), Administrative Office, Financial Financing Department, Risk Control and Legal Department, Investment Development Department (Asset Management Department), Science and Technology Finance Department, and Construction Management Department; the consolidated scope includes 18 second-level subsidiaries.

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As of the end of 2023, the Company's total consolidated assets were 76.262 billion yuan, and the owner's equity was 45.121 billion yuan (including minority shareholders' equity of 25.367 billion yuan); in 2023, the Company achieved a total operating income of 147 million yuan and a total profit of 348 million yuan.

As of the end of March 2024, the Company's total consolidated assets were 77.659 billion yuan, and the owner's equity was 45.233 billion yuan (including minority shareholders' equity of 25.442 billion yuan); from January to March 2024, the Company achieved a total operating income of 12 million yuan and a total profit of -46 million yuan.

Company registration address: 11-12th Floor, Building A, Optics Valley Technology Building, No. 770 Gaoxin Avenue, Jiufeng Street, Donghu New Technology Development Zone, Wuhan City, Hubei Province (Wuhan Area of Free Trade Zone); Legal representative: Gong Xueyi.

# III. Overview of bonds and use of raised funds

As of the end of March 2024, the Company's outstanding bonds rated by Lianhe Credit Rating are shown in the table below. 22 Guangkong 01, "23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes)" and "23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes)" have all been used up as planned, and the above bonds have paid interest on time.

Table 1 • Overview of the Company's outstanding bonds rated by Lianhe Credit Rating as of the end of March 2024

| Bond abbreviation | Issuance amount (hundred million yuan) | Bond balance (hundred million yuan) | Interest value date | Term |
|---|---|---|---|---|
| 22 Optics Valley Financial Holding 01 | 10.00 | 10.00 | 2022-10-26 | 5(3+2) |
| 23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes) | 3.00 | 3.00 | 2023-01-18 | 5(3+2) |
| 23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes) | 7.00 | 7.00 | 2023-03-20 | 5(3+2) |

Source of data: Compiled by Lianhe Credit Rating based on public information

# IV. Analysis of the macroeconomic and policy environment

In the first quarter of 2024, the external situation remains complex and severe, geopolitical conflicts are difficult to end, and uncertainty and volatility remain high. China is at a critical stage of structural adjustment and transformation. Macroeconomic policies conscientiously implement the spirit of the Central Economic Work Conference and the National Two Sessions, focus on proactive fiscal policies and prudent monetary policies, accelerate the implementation of large-scale equipment renewal and consumer goods trade-in action plans, boost confidence, and promote a sustained economic recovery.

In the first quarter of 2024, China's economy was off to a good start. In the first quarter, GDP grew by 5.3% year-on-year, and in the fourth quarter of last year, it grew by 5.2% year-on-year. The GDP growth rate in the first quarter was stable and rising; it met the target requirement of economic growth of about 5% for the whole year, boosting the confidence of enterprises and residents. In terms of credit environment, the growth of social financing scale in the first quarter was more balanced, the financing structure was continuously optimized, and bond financing maintained a reasonable scale. Market liquidity was reasonably abundant, and the financing cost of the real economy was stable and declining. In the next step, it is necessary to strengthen the monitoring of idle funds, improve the management and assessment mechanism, reduce the reserve requirement ratio or implement it in a timely manner, release long-term liquidity funds, and cooperate with the centralized supply of treasury bonds. As the economy recovers and expectations improve, the asset shortage situation will gradually improve. Under the balance of liquidity supply and demand, long-term interest rates will gradually stabilize.

Looking forward to the second and third quarters, macroeconomic policies will adhere to the momentum, avoid tightening first and loosening later, accelerate the issuance and use of ultra-long-term special treasury bonds, develop new quality productivity according to local conditions, do a good job in large-scale equipment renewal and consumer goods replacement, and make efforts in advance to promote stability. It is expected that the



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central government will speed up the introduction of specific use plans for ultra-long-term special government bonds to boost market confidence; monetary policy will cooperate with the overall relaxation of real estate control measures to further provide liquidity support for both supply and demand. For the full version of the macroeconomic and policy environment analysis, please see "Macroeconomic Credit Observation (First Quarter Report of 2024)".

# V. Analysis of industry and regional environments

## 1 Industry analysis

Affected by the complex external environment, China's equity investment market as a whole will continue to decline in 2023. On the fundraising side, the number of newly raised funds and the total scale of newly raised funds in China's equity investment market in 2023 both decreased year-on-year, and the dominant position of state-owned funds will continue to increase; on the investment side, the number of investment cases and the total amount of investment in China's equity investment market in 2023 both decreased year-on-year. The hard technology field was still the main line of investment layout, the investment scale of the semiconductor and electronic equipment industry ranked first, and the mechanical manufacturing and automobile fields performed strongly. On the exit side, affected by the tightening of the domestic IPO rhythm, the number of exit cases in China's equity investment market in 2023 declined year-on-year. As more and more industries gradually enter the adjustment and integration stage, coupled with the impact of lower IPO project premiums and increasing listing uncertainty, equity investment institutions have begun to pay more attention to and consider realizing income through repurchases, equity transfers, mergers and acquisitions. Entering 2024, the fundraising side of the equity investment market continued to decline in the first quarter, and the investment side rebounded. The investment trend was guided by the country's strategic emerging industries. The pace of recovery in the equity investment market was relatively slow, and it will still face many tests in the future. For the full version of the industry analysis, please see "Equity Investment Industry Operation Analysis".

## 2 Regional environment analysis

The Donghu High-tech Zone has outstanding location advantages and a strong atmosphere of scientific and technological innovation investment, which has created a good development environment for the Company's industrial investment business.

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Donghu High-tech Zone was established in 1988. In 1991, it was approved by the State Council as the first batch of national high-tech zones. In 2001, it was approved by the former State Planning Commission and the Ministry of Science and Technology as a national optoelectronics industry base, namely "Wuhan China Optics Valley". It is one of the first batch of national high-tech zones in the country, the second national independent innovation demonstration zone in the country, and one of the four "central enterprises concentrated construction talent bases" in the country. It has formed a "221" industrial system, including "optical core, screen, terminal, network" and life and health industries, digital economy and new consumption industries, and "future industries". After more than 30 years of development, the comprehensive strength and brand influence of Donghu High-tech Zone have been greatly improved, and the knowledge creation and technological innovation capabilities have been improved to the first among the 169 national high-tech zones in the country, becoming one of the 10 key "world-class high-tech parks" in the country.

In 2023, the GDP of Donghu High-tech Zone will grow by 4.7%, reaching a total of 271.5 billion yuan. In that year, Donghu High-tech Zone signed contracts to introduce 6 major projects with a total investment of more than 10 billion yuan, with 64.6 billion yuan in industrial project funds and USD $680 million in foreign direct investment, both of which ranked first in the city; the whole district has been rated as a five-star new industrialization industry demonstration base for five consecutive years, and the scale of optoelectronic information, life and health, and Beidou industries accounted for 60%, 17%, and 50% of the province respectively. The construction of the national new generation of artificial intelligence public computing power open innovation platform was approved, and the computing power of the artificial intelligence computing center was expanded to 400P. 22 application scenarios were selected as the first batch of typical digital economy application scenarios in the province, accounting for more than one-fifth, and the market share of Yangtze River computing entered the first echelon in the country.

# VI. Major changes during the tracking period

## (I) Basic qualities

**During the tracking period, the actual controller of the Company and its positioning in the region remained unchanged. It is an important carrier for Donghu High-tech Zone to participate in the national strategy and participate in the layout of national key projects.** The Wuhan New City Science and Technology Innovation Fund was newly established, and the actual paid-in scale of the parent fund and the number of participating funds continued to grow, with stable operations.

The Company is an important support for the development of the Donghu High-tech Zone's service industry, an important platform for the development of science and technology finance, and an important entity leading financial agglomeration. The Company's main investment areas focus on the "221" industrial system of the Donghu High-tech Zone. By the end of 2023, the Company has invested in more than 1,000 Donghu High-tech Zone enterprises through fund investment and equity investment. Among them, 56 companies such as Tianyu Information (300205.SZ) and Jingce Electronics (300567.SZ) have been listed, and 91 high-tech enterprises in the region have been awarded the title of "specialized, refined and innovative" small giants. As of the end of 2023, the Company had established 5 parent funds (including the newly added Wuhan New City Science and Technology Innovation Fund), and the number of equity-holding funds was 47 (32 in the same period last year); the Company's total subscribed capital for the parent fund was 55.00 billion yuan, and the total paid-in capital was 2.469 billion yuan (2.275 billion yuan in the same period last year); the number of equity-holding fund investment projects was 766, and a total of 246 projects had been withdrawn, with a total withdrawal of principal and income of 478 million yuan.

As an important carrier for Donghu High-tech Zone to participate in the national strategy, the Company has participated in the establishment or investment of major national science and technology projects such as Hubei Integrated Circuit Industry Investment Fund Co., Ltd. (hereinafter referred to as "Hubei Integrated Circuit Fund"), National Integrated Circuit Industry Investment Fund Phase II Co., Ltd. (hereinafter referred to as the "second phase of the major fund") and Yangtze Memory Technology Holdings Co., Ltd. (hereinafter referred to as "Yangtze Memory"), and has carried out in-depth cooperation with partners such as Hubei Yangtze River Industry Investment Fund Partnership (Limited Partnership) and the Chinese Academy of Sciences to invest in key industries in Donghu High-tech Zone.

According to the basic credit information report of the People's Bank of China provided by the Company (unified social credit code: 914201003335353619), as of June 13, 2024, the Company's credit information has no concern or bad records. According to the Company's past repayment records of principal and interest of debt financing instruments issued in the open market, the Company has no overdue or default records and has a good performance. As of June 25, 2024, Lianhe Credit has not found that the Company has been included in the national list of dishonest persons subject to enforcement, has not found any major tax violations and dishonest cases, has not found any dishonest records in the securities and futures markets, has not found any administrative penalty information, has not been included in the abnormal operation list, has not been included in



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the serious illegal dishonest list (blacklist), and has not found any serious dishonest information.

## (II) Management level

During the tracking period, the Company's management system and governance level remained good, and the chairman of the board changed.

During the tracking period, there were no major changes in the Company's main management systems.

According to the "Notice of the Working Committee of Wuhan Donghu New Technology Development Zone of the Communist Party of China on the Appointment and Removal of Comrade Qin Jun" (Wu Xin Gan [2023] No. 4) and the "Notice of the Working Committee of Wuhan Donghu New Technology Development Zone of the Communist Party of China on the Appointment and Removal of Comrade Liu Kun" (Wu Xin Gan [2023] No. 5), Liu Kun will serve as the chairman of the Company from July 2023.

Liu Kun, born in November 1979, has a university degree, a bachelor's degree, and an engineer title. He joined the Communist Party of China in January 2000 and started working in July 2000. He has served as the chairman of the Company since July 2023. He has served as the director of the Natural Resources and Planning Bureau of Wuhan Donghu New Technology Development Zone, deputy secretary and member of the Working Committee of Non-public Economic Organizations and Social Organizations of Wuhan Donghu New Technology Development Zone of the Communist Party of China, deputy director of the Office of Wuhan Municipal Bureau of Land and Resources and Planning, and member of the Party Committee and deputy general manager of Hubei Science and Technology Investment.

## (III) Major events

During the tracking period, the Company completed all the investment in Hubei Changsheng Development Co., Ltd. (hereinafter referred to as "Hubei Changsheng"), and then completed all the investment in Yangtze Memory.

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

The Company participated in the establishment of Hubei Changsheng Development Co., Ltd. (hereinafter referred to as "Hubei Changsheng") in 2021. As of the end of 2023, Hubei Changsheng's registered capital and paid-in capital were both 42 billion yuan. The Company subscribed 40% of Hubei Changsheng's registered capital; in addition, the Company directly holds 40% of the equity of Hubei Integrated Circuit Fund, so the Company directly and indirectly holds a total of 56% of Hubei Changsheng's equity, and the Company holds a majority of seats on the board of directors of Hubei Changsheng. As the actual controller, the Company included Hubei Changsheng in the scope of consolidation. Hubei Changsheng is mainly responsible for the capital contribution of Yangtze Memory Technologies Co., Ltd. (hereinafter referred to as "Yangtze Memory Phase II Company"). As of the end of 2023, Hubei Changsheng's total assets were 48.027 billion yuan, and its owners' equity totaled 42.001 billion yuan. In 2023, Hubei Changsheng had no income and a net profit of -661,500 yuan, mainly because the Phase II of the National Memory Base Project has not yet been fully put into production and related businesses have not yet been fully launched.

Table 2 • Shareholders of Hubei Changsheng as of the end of 2023 (Unit: hundred million yuan)

| Serial number | Shareholder | Subscribed amount | Amount paid | Shareholding ratio |
|---|---|---|---|---|
| 1 | Company | 168.00 | 168.00 | 40.00% |
| 2 | Hubei Integrated Circuit Fund | 168.00 | 168.00 | 40.00% |
| 3 | Yangtze Industrial Investment Group Co., Ltd. | 84.00 | 84.00 | 20.00% |
| | **Total** | **420.00** | **420.00** | **100.00%** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

Hubei Changsheng and the second phase of the major fund initiated the establishment of Yangtze Memory Phase II Company in December 2021 to build the Phase II of the National Memory Base Project. On February 27, 2023, the Company and the National Integrated Circuit Phase II Company increased the capital of Yangtze Memory by the equivalent of the equity of Yangtze Memory Phase II Company held by them. The Company directly became the largest shareholder of Yangtze Memory, with a shareholding ratio of 28.56%. At the same time, the registered capital of Yangtze Memory was changed from 56.275 billion yuan to 105.270 billion yuan. The 42 billion yuan capital contribution subscribed by Hubei Changsheng shareholders to Yangtze Memory Phase II Company was converted into a registered capital contribution of 30.069 billion yuan and a capital reserve of 11.931 billion yuan for Yangtze Memory. After the completion of this equity change, Changcun Phase II Company became a wholly-owned subsidiary of Yangtze Memory. In December 2023, Yangtze Memory completed the absorption and merger of Yangtze Memory Phase II Company, and Yangtze Memory Phase II Company was deregistered. Yangtze Memory is the Company's most important equity investment project. As of the end of 2023, the Company has completed all its investment in Yangtze Memory. In the future, Yangtze Memory plans to IPO after realizing profits. As of the end of 2023, the situation of Yangtze Memory shareholders has not changed compared with the end of the previous year.

Table 3 • Shareholders of Yangtze Memory Technologies as of the end of 2023 (Unit: hundred million yuan)

| Serial number | Shareholder name | Subscribed amount | Shareholding ratio |
|---|---|---|---|
| 1 | Hubei Changsheng Development Co., Ltd. | 300.69 | 28.56% |
| 2 | Wuhan Xinfei Technology Investment Co., Ltd. | 287.21 | 27.28% |
| 3 | National Integrated Circuit Industry Investment Fund Co., Ltd. | 135.56 | 12.88% |
| 4 | National Integrated Circuit Industry Investment Fund Phase II Co., Ltd. | 128.87 | 12.24% |
| 5 | Hubei Science and Technology Investment Group Co., Ltd. | 104.84 | 9.96% |
| 6 | Hubei Guoxin Industry Investment Fund Partnership (Limited Partnership) | 66.88 | 6.35% |
| 7 | Yangtze Industrial Investment Group Co., Ltd. | 28.65 | 2.73% |
| | **Total** | **1,052.70** | **100.00%** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

Yangtze Memory Holdings is the only 3D NAND memory chip mass production company in China. It is a semiconductor vertical integration (IDM) company that integrates multiple links in the industrial chain, including design, manufacturing, packaging and testing, and sales. Yangtze Memory Holdings provides 3D NAND flash memory wafers and particles, embedded storage chips, and consumer-grade and enterprise-grade solid-state drives and other products and solutions to partners around the world, which are used in mobile communications, consumer digital, computers, servers and data centers. Jingzhan® Xtacking® is a representative brand of Yangtze Memory's core technology brand and original design, representing Yangtze Memory's innovation and contribution in the field of 3D NAND storage technology. In 2022, system solutions based on the



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third-generation NAND were launched. Yangtze Memory Holdings' main construction project is the National Memory Base Project, which is divided into three phases: Phase I (commissioned), Phase II (under construction) and Phase III (to be built).

## (IV) Operation aspects

In 2023, the Company's business structure was stable, and the total operating income and comprehensive gross profit margin continued to grow; investment income continued to grow, mainly from investment income generated by equity accounting of parent funds such as Hubei Integrated Circuit Fund.

The Company's main business includes guidance fund management fees, leasing services, project services and financial services. In 2023, the Company's revenue scale continued to grow, with a year-on-year increase of 19.59%, mainly from the contribution of guidance fund management fee income. It should be noted that the Donghu High-tech Zone Management Committee had not yet paid the above mentioned guidance fund management fees, which were temporarily included in accounts receivable. As of the end of 2023, the Company's fund management fees that have been accrued but not yet received were 343 million yuan. Project service income was the business of the subsidiary undertaking related exhibitions, competitions, consulting and publicity services in Donghu High-tech Zone, which decreased by 53.83% year-on-year; financial services were the guarantee business provided by the Company for small and micro enterprises, which increased by 561.27% year-on-year.

In terms of gross profit margin, in 2023, the Company's comprehensive gross profit margin continued to grow, among which the leasing service added some property leasing income, driving the gross profit margin to turn positive; the gross profit margin of project services declined, mainly due to the decline in consulting service income with higher gross profit margin; the main guarantee objects of financial services were small and micro enterprises. Due to the relief policy for small and micro enterprises, the guarantee fee had been reduced, resulting in a continuous negative gross profit margin. In 2023, affected by the growth of business income, the gross profit margin improved year-on-year.

In the first quarter of 2024, the Company's operating income increased by 118.41% year-on-year, mainly from the increase in the scale of financial services business. Benefiting from the significant year-on-year increase in the gross profit margin of leasing services, the current comprehensive gross profit margin turned positive year-on-year.

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

Table 4 • Total operating income and gross profit margin of the Company from 2022 to 2023 and January to March 2024 (unit: hundred thousand yuan)

| Business segment | 2022 | | | 2023 | | | January to March 2024 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Proportion | Gross profit margin | Revenue | Proportion | Gross profit margin | Revenue | Proportion | Gross profit margin |
| Guidance fund management fee | 8,219.48 | 62.95% | 100.00% | 9,829.81 | 66.72% | 100.00% | 10.86 | 0.90% | 100.00% |
| Leasing service | 1,420.39 | 10.88% | -18.47% | 1,594.11 | 10.82% | 6.34% | 423.47 | 35.01% | 50.43% |
| Project service | 3,067.21 | 23.49% | 63.46% | 1,416.01 | 9.61% | 32.13% | 28.22 | 2.33% | -44.37% |
| Financial service | 278.37 | 2.13% | -508.48% | 1,715.51 | 11.64% | -14.25% | 721.74 | 59.67% | 2.79% |
| Other business | 72.42 | 0.56% | 17.10% | 176.87 | 1.20% | -55.44% | 25.24 | 2.09% | -28.90% |
| **Total** | **13,057.86** | **100.00%** | **65.10%** | **14,732.30** | **100.00%** | **68.17%** | **1,209.52** | **100.00%** | **18.58%** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

In 2023, the scale of the Company's investment income continued to grow, mainly from the equity method investment income recognized by holding Hubei Integrated Circuit Fund, National Integrated Circuit Industry Investment Fund Phase II Co., Ltd. and Wuhan Rural Commercial Bank. Attention should be paid to the impact of the operating conditions of the investment enterprises on the stability of the Company's investment income. In 2023, the dividend income obtained by the Company during the holding period of other equity instruments investment mainly came from the Chinese Academy of Sciences Science and Technology Achievement Transformation Venture Capital Fund (Wuhan) Partnership (Limited Partnership) and Wuhan Optics Valley New Third Board Equity Investment Fund Partnership (Limited Partnership). In the first quarter of 2024, the dividend income obtained during the holding period of other equity instruments mainly came from Wuhan Optics Valley Renfu New City Biomedicine Industry Investment Fund Center (Limited Partnership).

Table 5 • Investment income of the Company in 2022 to 2023 and January to March 2024 (unit: hundred thousand yuan)

| Project | 2022 | | 2023 | | January to March 2024 | |
|---|---|---|---|---|---|---|
| | Revenue | Proportion | Revenue | Proportion | Revenue | Proportion |
| Income calculated by the equity method for long-term equity investment | 42998.84 | 97.99% | 45644.91 | 96.32% | -- | -- |
| Investment income from the disposal of long-term equity investment | 0.28 | * | 536.52 | 1.13% | -- | -- |
| Investment income obtained during the holding period of trading financial assets | 92.88 | 0.21% | 650.86 | 1.37% | 151.88 | 4.01% |
| Investment income from the disposal of trading financial assets | 791.00 | 1.80% | 110.79 | 0.23% | -- | -- |
| Dividend income obtained during the holding period of other equity instruments | -- | -- | 658.61 | 1.39% | 3,631.34 | 95.99% |
| Others | -- | -- | -210.58 | -0.44% | -- | -- |
| **Total** | **43883.00** | **100.00%** | **47391.11** | **100.00%** | **3,783.22** | **100.00%** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

**The Company's technology investment business focuses on the national strategic layout, focusing on investing in regional leading enterprises and innovative and entrepreneurial enterprises, and forming an investment system of "fund of funds + private equity**



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**funds". During the tracking period, with the completion of the investment in Yangtze Memory and the continued investment in the second phase of the major fund, the scale of investment assets under the technology investment business continued to grow, and the exit income of fund investments has not yet appeared.** Most of the targets of the Company's technology investment business are in the early stages of investment, with great uncertainty in growth and recovery. The asset value is easily affected by factors such as the macro-economy, industry policies, capital market conditions and the operating conditions of the invested enterprises, and the income uncertainty is great.

The Company's technology investment business includes strategic investment, parent fund investment and private equity investment.

The Company's strategic investment business is the Company's participation in the investment of major national science and technology projects as an LP. The main projects include the second phase of the major fund, Yangtze Memory, Hubei Integrated Circuit Fund, etc. Among them, Hubei Integrated Circuit Fund mainly participates in the investment of the second phase of the major fund and Yangtze Memory. As of the end of 2023, the Company's strategic investment had accumulated 58.23 billion yuan in external investment, an increase of 10.42 billion yuan from the end of last year, mainly due to the completion of the investment in Yangtze Memory and the continued payment of the second phase of the major fund; the second phase of the major fund still needed to pay 3.93 billion yuan, and the sources of funds for the unfunded part mainly included external funds such as fiscal funds and government special bond funds.

Table 6 • The Company's strategic investment situation as of the end of 2023 (unit: hundred million yuan)

| Project name | Investment direction | Registered capital/subscribed capital | Company subscribed capital | Company paid-in capital | Source of funds for the unfunded part | Shareholding ratio | Accounting subject |
|---|---|---|---|---|---|---|---|
| Yangtze Memory | Integrated circuit chips | 1,052.70 | 420.00 | 420.00 | -- | 28.56% | Other non-current assets |
| Second phase of the major fund | Integrated circuit industry | 1,112.58 | 150.00 | 110.70 | Financial funds, external financing, etc. | 7.35% | Long-term equity investment |
| Hubei Integrated Circuit Fund | Integrated circuit industry | 100.50 | 44.20 | 38.20 | -- | 40.00% | Long-term equity investment |
| Hubei Changjiang Weilai New Energy Industry Development Fund Partnership (Limited Partnership) | Automobile travel | 45.69 | 10.00 | 10.00 | -- | 21.89% | Trading financial assets |
| Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership) | Display panel | 30.10 | 3.00 | 3.00 | -- | 9.97% | Trading financial assets |
| Wuhan Optics Valley Bio-industry Venture Capital Fund Co., Ltd. | Bio-industry | 1.50 | 0.20 | 0.20 | -- | 13.33% | Long-term equity investment |
| Wuhan Science and Technology Innovation Chaoyang Venture Capital Co., Ltd. | Technology-based small and medium enterprise | 1.50 | 0.20 | 0.20 | -- | 13.33% | -- |
| **Total** | -- | **2,344.57** | **627.60** | **582.30** | -- | -- | -- |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

The Company's fund investment business included fund of funds investment and private equity investment. The scale of fund investment continued to grow during the tracking period, reaching RMB 17.609 billion at the end of 2023 (RMB 15.959 billion at the end of 2022).

As of the end of 2023, the Company had invested in the establishment of five parent funds. The Company only took the lead in establishing the parent fund as the fund investor of the invested fund, and cooperated with investment companies with strong management experience and investment capabilities. The sources of funds included self-owned funds and state-owned funds. The fund managers of the parent funds were all subsidiaries Wuhan New City Science and Technology Private Equity Fund Management Co., Ltd. (hereinafter referred to as "New City Science and Technology", formerly Wuhan Optics Valley Industrial Development Fund Management Co., Ltd.). In December 2023, the Company established a new parent fund, the Wuhan New City Science and Technology Innovation Fund, which mainly invested in key industries such as optical chips, screens, terminals and networks, life and health, digital economy and new consumption, and military-civilian integration in the Donghu High-tech Zone; the exit methods were share transfer, company dissolution, and company liquidation; due to the short establishment time, as of the end of March 2024, no capital contribution and external investment have been paid in.

As of the end of 2023, the Company had paid a total of RMB 2.469 billion to the parent fund, an increase of RMB 194 million from the end of 2022, and had withdrawn a total of RMB 478 million in principal and income. In terms of the parent fund's equity participation funds, as of the end of March 2024, Optics Valley Industrial Development Fund had 8 equity participation funds, of which Optics Valley Industrial Development Fund had subscribed 1.861 billion yuan and paid 804 million yuan; Optics Valley Partner Investment Fund had 8 equity participation funds, of which Optics Valley Partner Investment Fund had subscribed 732 million yuan and paid 567 million yuan; Optics Valley Venture Capital Fund had 16 equity participation funds, of which Optics Valley Venture Capital Fund had subscribed 745 million yuan and paid 487 million yuan; Optics Valley Innovation Investment Fund had 15 equity participation funds, of which Optics Valley Innovation Investment Fund had subscribed 813 million yuan and paid 414 million yuan; the funds that have not yet been paid mainly come from self-owned funds and external financing. Overall, the paid-in scale of the parent fund and the number of equity-holding funds have maintained growth, and the investment side has been operating stably. For details of the investment of the parent fund's equity-holding funds, please see Appendix 2-3.



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In terms of management fee income, as of the end of 2023, the fund manager of the Company's five parent funds was New City Science and Technology Innovation, and the total paid-in scale of the parent fund was 2.469 billion yuan. In 2023, New City Science and Technology Innovation achieved a total fund management fee income of 4.7608 million yuan (including private equity funds).

Table 7 • Basic information of the parent fund as of the end of March 2024 (unit: hundred million yuan, unit)

| Name of the parent fund | Subscribed capital of the company | Paid-in capital of the company | Number of participating funds | Number of investment projects | Number of exit projects | Cumulative exit principal and income |
|---|---|---|---|---|---|---|
| Optics Valley Industrial Development Fund | 500.00 | 6.02 | 8 | 132 | 0 | 0.37 |
| Optics Valley Partner Investment Fund | 10.00 | 3.99 | 8 | 392 | 174 | 1.80 |
| Optics Valley Venture Capital Fund | 10.00 | 10.00 | 16 | 185 | 72 | 2.61 |
| Optics Valley Innovation Investment Fund | 20.00 | 4.68 | 15 | 57 | 0 | 0.00 |
| Wuhan New Town Science and Technology Innovation Fund | 10.00 | 0.00 | 0 | 0 | 0 | 0.00 |
| **Total** | **550.00** | **24.69** | **47** | **766** | **246** | **4.78** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

Private equity funds mainly include direct investment in projects and limited partnership funds or corporate funds with LP or shareholders as equity participation. The profit model includes fund management fees collected as fund managers, dividends obtained from direct investment projects, and profit sharing obtained from fund exit projects. The Company has established a private equity fund, Optics Valley Growth Venture Capital Fund, with a subscription and paid-in scale of 250 million yuan each, and the Company's subscription and paid-in scale of 250 million yuan each. It is mainly responsible for direct investment projects, and the exit methods include share transfer, dissolution of the target company and liquidation exit. The fund is managed by New Town Science and Technology Innovation.

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

In terms of direct investment projects, the Company invested in 22 companies including Wuhan Tianyu Information Industry Co., Ltd. (stock code 300205.SZ, holding 14.63% of shares, hereinafter referred to as "Tianyu Information") through Wuhan Optical Valley Venture Capital Fund Co., Ltd., with a total investment of 1.041 billion yuan. It mainly invested in growth-stage projects, including technology, medicine, and entertainment. The exit method is mainly IPO exit, and the planned exit time is mainly distributed in 2025-2027. As of the end of 2023, the Company's private equity investment business had exited 4 projects in total, with an investment return of 102 million yuan and an average return multiple of 1.45 times. There was no exit in 2023.

**During the tracking period, the Company's technology finance business revenue mainly came from guarantee business, and it also participated in the equity of some financial enterprises. At this stage, the contribution to the scale of revenue is average.**

The technology finance business aims to continuously improve the layout of factor institutions and licensed institutions, strengthen the construction of regional credit system, and optimize the regional business environment. In 2023, the Company's financial services business achieved revenue of 17.1551 million yuan, mainly from the contribution of this sector.

Since 2022, the Company has invested in Huayuan Securities Co., Ltd. (hereinafter referred to as "Huayuan Securities", formerly Jiuzhou Securities Co., Ltd.) and became its third largest shareholder. During the same period, the Company invested in Wuhan Rural Commercial Bank Co., Ltd. (hereinafter referred to as "Wuhan Rural Commercial Bank") and became its single largest shareholder. As of the end of 2023, the Company's direct shareholding ratio in Huayuan Securities was 12.50%, and its shareholding in Wuhan Rural Commercial Bank was 9.98%, both of which were included in the long-term equity investment account.

The Company's subsidiary Wuhan Optical Valley Technology Financing Guarantee Co., Ltd. (hereinafter referred to as "Optical Valley Technology Guarantee") carries out guarantee business. As of the end of 2023, Optics Valley Technology had 1,540 projects under guarantee, with a balance of 3.174 billion yuan, and a balance of 2.764 billion yuan for projects with a guarantee period of less than one year (including one year). There were 3 compensation businesses with a total amount of 90 million yuan.

The Company's projects under construction will face great capital expenditure pressure in the future.

Construction investment is one of the important functions given to the Company by the Donghu District Management Committee, forming investment and construction of key projects such as "chip-screen-terminal-network", integrated circuits, artificial intelligence, cultural and educational industries, digital economy and strategic emerging industries. As of the end of 2023, the Company's total planned investment in projects under construction and planned to be built was 9.641 billion yuan, and the remaining investment in the future was 7.413 billion yuan.

Zhuxin Technology Industrial Park is located west of Future 2nd Road and north of Keji 4th Road in Donghu High-tech Zone, with a total construction area of about 317,515 square meters, of which the above-ground construction area is about 237,765 square meters. The project will include the construction of a new research and development building, pilot workshop, factory, dormitory, canteen, basement and supporting facilities. The self-raised funds for the project have been fully in place and are scheduled to be completed in 2026.

The first phase of the Kechuang Finance Headquarters is located east of Future 1st Road, south of Keji 3rd Road, west of Taolin Road and north of Gaoxin 2nd Road in Donghu High-tech Zone. The net land area of the project is about 61 acres and the total construction area is about 180,000 square meters. It mainly includes functional buildings such as comprehensive service centers and life supporting service areas. The construction mainly includes architecture, structure, water supply and drainage, electricity, HVAC, fire protection and indoor and outdoor supporting facilities. The self-raised capital of the project has been fully in place and is scheduled to be completed in 2027.

Zhuxin Microelectronics Precision Devices Smart Manufacturing Base is located east of Future 1st Road and north of Science and Technology 4th Road in Donghu High-tech Zone. The project has a net land area of about 178 acres and a total construction area of about 306,000 square meters. It mainly covers the research and development, production, manufacturing and testing of microelectronic devices and pan-semiconductor industry-related products, and is equipped with supporting facilities such as talent apartments. The main industrial products to be produced include microelectronic devices, semiconductor devices, integrated circuit chips, etc. The construction mainly includes civil engineering, water supply and drainage, electrical, HVAC, fire protection, outdoor engineering and other contents. The self-raised capital of the project has been fully in place and is scheduled to be completed in 2027.

Table 8 • Status of the Company's ongoing projects as of the end of 2023 (unit: hundred thousand yuan)

| Project name | Investment period | Total investment | Fund raising method | | Completed investment | Planned investment | | | Operating entity |
|---|---|---|---|---|---|---|---|---|---|
| | | | Loan | Self-raised funds | | Remaining months of 2024 | 2025 | 2026 | |
| Science and | 4 years | 84,352.00 | 67,000.00 | 17,352.00 | 60,624.00 | 8,834.00 | 14,894.00 | -- | Wuhan Optics Valley |



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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Technology Finance Industrial Park | | | | | | | | | Kejin Construction Investment Co., Ltd. |
| Digital Economy Innovation Park | 4 years | 75,087.00 | 56,315.00 | 18,772.00 | 1,126.98 | 18,328.00 | 32,000.00 | 13,000.00 | Wuhan Optics Valley Cultural Media Co., Ltd. |
| Zhuxin Technology Industrial Park | 4 years | 249,016.00 | 199,212.00 | 49,804.00 | 54,113.06 | 69,621.00 | 50,000.00 | 45,000.00 | Wuhan Optics Valley Integrated Circuit Development Co., Ltd. |
| Science and Technology Innovation Finance Headquarters Phase I | 4 years | 161,936.05 | 120,000.00 | 41,936.05 | 20,681.00 | 24,978.00 | 80,000.00 | 30,000.00 | Wuhan Optics Valley Shangzhi Real Estate Co., Ltd. |
| Zhuxin Microelectronics Precision Devices Smart Manufacturing Base | 4 years | 280,905.52 | 210,000.00 | 70,905.52 | 19,641.00 | 51,888.00 | 90,000.00 | 100,000.00 | Wuhan Zhuxin Technology Development Co., Ltd. |
| **Total** | -- | **851,296.57** | **652,527.00** | **198,769.57** | **156,186.04** | **173,649.00** | **266,894.00** | **188,000.00** | -- |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

Table 9 • The Company's planned projects as of the end of 2023 (unit: hundred thousand yuan)

| Project name | Investment period | Total investment | Fund raising method | | Planned investment | | |
|---|---|---|---|---|---|---|---|
| | | | Loan | Self-raised funds | 2024 | 2025 | 2026 |
| Hard technology smart industry manufacturing base | 4 years | 112,781.92 | 80,000.00 | 32,781.92 | 15,000.00 | 50,000.00 | 30,000.00 |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

[seal:] Lianhe Credit Rating Co., Ltd. CHINA LIANHE CREDIT RATING CO., LTD. 1101052386729

## (V) Financial aspects

The Company provided a 2023 financial report, which was audited by Daxin Accounting Firm (Special General Partnership) and issued a standard unqualified audit conclusion; the Company's first quarter 2024 financial statements were not audited.

In 2023, the Company's consolidation scope added 2 second-level subsidiaries (Wuhan Optics Valley Semiconductor Industry Investment Co., Ltd. and Wuhan Optics Valley Small and Medium-sized Venture Capital Co., Ltd.) compared with 2022, and reduced 2 second-level subsidiaries (Wuhan Overseas Students Pioneer Park Development Co., Ltd. and Wuhan Optics Valley Accounting Service Demonstration Base Operation Co., Ltd.), a total of 18 second-level subsidiaries. In the first quarter of 2024, the Company's consolidation scope added 3 second-level subsidiaries compared with the end of 2023, namely Hubei Kechuang Supply Chain Co., Ltd., Wuhan Optics Valley Trading Co., Ltd., and Wuhan Optics Valley Zhengze Private Equity Fund Management Co., Ltd. The financial data is highly comparable.

### 1 Changes in major financial data

**As of the end of 2023, the Company's asset scale had steadily increased, still mainly non-listed investment assets, with very good overall asset quality and weak liquidity.**

As of the end of 2023, the Company's asset scale continued to grow rapidly, an increase of 28.56% from the end of 2022; the asset structure remained stable, and the proportion of non-current assets increased by 6.29 percentage points from the end of the previous year.

As of the end of 2023, the Company's current assets decreased by 4.25% from the end of the previous year. Among them, monetary funds decreased by 51.32% compared with the end of last year, mainly due to the continuous investment in the parent fund, and there was no restricted monetary funds; trading financial assets increased by 75.91% compared with the end of last year, mainly due to the new equity instrument investment; accounts receivable increased by 40.48% to 352 million yuan compared with the end of last year, mainly including the management fee of the guidance fund of the Donghu Development Zone Management Committee (343 million yuan, expected to be gradually recovered in the next three years); other receivables decreased by 10.71% compared with the end of last year, and the top five receivables accounted for 90.46%, mainly including the current accounts and capital contributions receivable from Yangtze Memory Technologies Co., Ltd. and Hubei Integrated Circuit Fund.

As of the end of 2023, the Company's non-current assets increased by 39.29% compared with the end of last year, mainly composed of investment assets. Among them, long-term equity investment increased by 44.10% compared with the end of last year, mainly including the second phase of the major fund, Hubei Integrated Circuit Fund, Huayuan Securities, Wuhan Rural Commercial Bank, Tianyu Information and the parent fund; other non-current assets increased by 40.76% compared with the end of last year, mainly including industrial parks and supporting facilities and Yangtze River Storage Phase II project (41.999 billion yuan).

As of the end of March 2024, the Company's asset scale and structure had not changed much compared with the end of 2023.

**As of the end of 2023, the Company's owner's equity scale had continued to accumulate with the actual payment of shareholders and the increase of minority shareholders, and the equity stability was general; the Company's debt growth rate was fast, and the overall debt burden was controllable.**

As of the end of 2023, the Company's owner's equity increased by 13.76% compared with the end of last year, mainly due to the increase of shareholders and minority shareholders. Among them, the paid-in capital increased by 769 million yuan compared with the end of last year, which was due to the actual payment of 207 million yuan and 571 million yuan to the Company by Hubei Science and Technology Investment and Wuhan Gehua Group Co., Ltd. (hereinafter referred to as "Gehua Group") respectively. The Company's owner's equity was mainly paid-in capital and minority shareholders, and the equity stability was general. As of the end of March 2024, the composition and scale of owner's equity had not changed much compared with the end of 2023.

As of the end of 2023, the Company's total liabilities increased by 58.42% compared with the end of the previous year, and the composition was mainly non-current liabilities. Among them, pledged loans accounted for 53.03% of long-term loans, and guaranteed loans accounted for 39.79%; long-term accounts payable included debt investment plan loans (balance of 5.997 billion yuan). As of the end of 2023, the Company's interest-bearing debt scale increased by 107.15% compared with the end of the previous year, and the composition was mainly long-term debt (accounting for 86.32%), the total debt capitalization ratio was 30.20%, and the overall debt burden was controllable.



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As of the end of March 2024, the Company's debt scale and composition did not change much compared with the end of 2023.

**In 2023, benefiting from the increase in fund management fee income, the Company's total operating income increased year-on-year, financial expenses eroded profits greatly, investment income was the main source of total profit, and profitability indicators performed well.**

In 2023, the Company's total operating income increased year-on-year with the increase in the scale of fund management fees; the expansion of the current financing scale pushed up the scale of financial expenses, which had a great impact on profits; investment income was the main source of the Company's profits. Benefiting from the steady increase in investment income and the current increase in other income (120 million yuan in fiscal interest subsidies for Yangtze Memory special bonds), the Company's total profit continued to grow year-on-year. In the first quarter of 2024, the Company's total profit was a loss (a loss of 49 million yuan in the same period last year), with little change year-on-year.

Table 10 • Company profitability (unit: hundred million yuan)

| Project | 2022 | 2023 | January to March 2024 |
|---|---|---|---|
| Total operating income | 1.31 | 1.47 | 0.12 |
| Period expenses | 2.43 | 4.1 | 0.95 |
| Among them: Financial expenses | 1.53 | 3.12 | 0.73 |
| Investment income | 4.39 | 4.74 | 0.38 |
| Total profit | 3.33 | 3.48 | -0.46 |
| Operating profit margin | 59.60% | 63.37% | 11.45% |
| Return on total capital | 0.95% | 1.00% | -- |
| Return on net assets | 0.76% | 0.73% | -- |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

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**As the Company's investment business continued to develop, in 2023, the Company's pre-funding funding gap and financing strength remained large. Considering the continued development of investment business in the future, the Company's external financing needs were high.**

In 2023, the Company's net cash flow from operating activities increased significantly year-on-year, mainly due to the increase in current accounts receivable; investment activities maintained a large-scale net outflow, mainly due to the continued investment in the second phase of the major fund and Yangtze Memory; the funding gap before financing activities remained large, and financing activities were mainly financed through shareholder capital injections, bank loans, etc., and cash and cash equivalents were consumed at the end of the period. Considering the continued development of investment business in the future, the Company's external financing needs were high.

Table 11 • Company cash flow (unit: hundred million yuan)

| Project | 2022 | 2023 | January to March 2024 |
|---|---|---|---|
| Subtotal of cash inflow from operating activities | 37.43 | 107.73 | 33.47 |
| Subtotal of cash outflow from operating activities | 45.84 | 89.88 | 20.07 |
| **Net cash flow from operating activities** | **-8.41** | **17.85** | **13.40** |
| Subtotal of cash inflow from investing activities | 2.20 | 1.69 | 0.92 |
| Subtotal of cash outflow from investing activities | 228.80 | 195.94 | 23.93 |
| **Net cash flow from investing activities** | **-226.60** | **-194.25** | **-23.01** |
| **Net cash flow before financing activities** | **-235.01** | **-176.41** | **-9.61** |
| Subtotal of cash inflow from financing activities | 268.53 | 176.61 | 8.47 |
| Subtotal of cash outflow from financing activities | 10.51 | 30.92 | 7.29 |
| **Net cash flow from financing activities** | **258.02** | **145.69** | **1.17** |
| Cash income ratio (%) | 25.74 | 38.24 | 571.87 |
| **Net increase in cash and cash equivalents** | **3.00** | **-30.71** | **-8.43** |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

## 2 Changes in debt repayment indicators

**The company's debt repayment indicators performed well and its financing channels were smooth.**



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Table 12 • Company debt repayment indicators

| Project | Indicator | 2022 | 2023 |
|---|---|---|---|
| Short-term debt repayment indicators | Current ratio | 160.69% | 130.53% |
| | Quick ratio | 152.28% | 112.31% |
| | Operating cash/current liabilities | -9.24% | 16.63% |
| | Operating cash/short-term debt (times) | -0.35 | 0.67 |
| | Cash assets/short-term debt (times) | 3.34 | 2.43 |
| Long-term debt repayment indicators | EBITDA (hundred million yuan) | 5.07 | 6.87 |
| | Total debt/EBITDA (times) | 18.60 | 28.44 |
| | Operating cash/total debt (times) | -0.09 | 0.09 |
| | EBITDA/interest expense (times) | 1.51 | 2.16 |
| | Operating cash/interest expense (times) | -2.50 | 5.62 |

Note: Operating cash refers to net cash flow from operating activities, the same below
Source of data: Compiled by Lianhe Credit based on information provided by the Company

As of the end of 2023, the Company's short-term debt repayment indicators performed well, and cash assets had a high degree of protection for short-term debt. In 2023, benefiting from the increase in EBITDA, the overall long-term debt repayment indicators improved, and EBITDA had a high degree of protection for interest.

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In terms of external guarantees, as of the end of 2023, the Company's external guarantees totaled 2.491 billion yuan, accounting for 5.52% of net assets, and the guaranteed parties were all enterprises under the Donghu High-tech Zone Management Committee.

Table 13 • The Company's external guarantees as of the end of 2023 (unit: hundred million yuan)

| Name of the guaranteed unit | Guarantee matters | Amount | Guarantee balance | Term |
|---|---|---|---|---|
| Wuhan Optics Valley Transportation Construction Co., Ltd. | Fixed asset loans | 5.00 | 3.37 | 2021/02/08-2034/08/08 |
| Gehua Group | Financial leasing | 5.00 | 1.05 | 2021/06/10-2024/06/10 |
| Wuhan Optics Valley Transportation Construction Co., Ltd. | Financial leasing | 9.50 | 8.67 | 2023/01/03-2028/01/03 |
| Wuhan Optics Valley Transportation Construction Co., Ltd. | Fixed asset loans | 12.00 | 8.00 | 2023/01/01-2037/11/24 |
| Wuhan Optics Valley Industrial Investment Co., Ltd. | Non-standard financing | 10.00 | 3.83 | 2023/12/28-2025/12/26 |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

In terms of pending litigation, as of the end of 2023, Lianhe Credit did not find any major pending litigation against the Company.

In terms of bank credit, as of the end of March 2024, the Company obtained a credit line of 19.947 billion yuan from the main loan bank, of which 5.00 billion yuan was unused, and the Company's indirect financing channels were unobstructed.

## 3 Major changes in the Company's headquarters

The Company's headquarters is one of the operating entities of the investment business. In 2023, the Company's headquarters' total profit mainly came from long-term equity investment income accounted for by the equity method. The interest-bearing debt grew rapidly, and the overall debt burden was controllable.

The Company's headquarters is one of the operating entities of the investment business. As of the end of 2023, the total assets of the Company's headquarters increased by 62.67% to 58.67 billion yuan from the end of the previous year. Among them, long-term equity investment was 44.01 billion yuan, including 26.418 billion yuan in subsidiaries, 17.232 billion yuan in associated companies (second phase of the major fund, Hubei Integrated Circuit Fund, Wuhan Rural Commercial Bank, etc.) and 360 million yuan in joint ventures; other receivables were 12.092 billion yuan.

In 2023, the Company's headquarters realized revenue of 97 million yuan, mainly from fund management fee income, investment income of 464 million yuan, mainly from long-term equity investment income of 465 million yuan accounted for by the equity method, and the headquarters realized a total profit of 296 million yuan in the current period.

As of the end of 2023, the owner's equity of the headquarters increased by 5.49% compared with the end of the previous year; the total liabilities increased by 124.06% compared with the end of the previous year, mainly due to the increase in financing scale and the increase in other payables to be paid into the fund; the total debt of the headquarters increased by 195.84% compared with the end of the previous year, the total debt capitalization ratio was 36.46%, and the asset-liability ratio was 66.42%, all of which increased significantly compared with the end of the previous year, and the overall debt burden was controllable; the coverage of the headquarters' cash assets for short-term debts was acceptable, and the short-term debt repayment pressure was controllable.



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## (VI) ESG aspects

**The Company actively fulfills its social responsibilities as a state-owned enterprise; the corporate governance structure and internal control system are sound.** Overall, the Company's ESG performance is good and has no negative impact on its continued operation.

In terms of the environment, the Company's main business is fund investment, which does not involve manufacturing business. Lianhe Credit has not found that the Company has been punished by the regulatory authorities for environmental issues.

In terms of society, the Company mainly focuses on strategic emerging industries such as integrated circuits, serves the adjustment and transformation and upgrading of industrial structure, takes into account both economic and social benefits, and has good social responsibility performance. In terms of governance, the Company's corporate governance structure and internal control system are complete. During the tracking period, the Company's senior executives have not been subject to administrative, criminal or other penalties for violations of laws and regulations. The Company does not have a special ESG-related department or organization.

# VII. External support

**As an important state-owned investment platform in Donghu High-tech Zone, the Company can obtain sustainable cash injections from shareholders and has strong shareholder support.**

In 2023, the GDP of Donghu High-tech Zone increased by 4.7%, with a total of 271.5 billion yuan. In that year, Donghu High-tech Zone signed contracts to introduce 6 major projects with a total investment of more than 10 billion yuan, with 64.6 billion yuan in funds for industrial projects and USD $680 million in foreign direct investment, both of which ranked first in the city. Donghu High-tech Zone has strong economic strength.

As an important state-owned investment company in Donghu High-tech Zone, the Company enjoys strong policy and financial support from the Donghu High-tech Zone government, strong external support, and investment projects covering major national science and technology projects. The Company's Yangtze Memory supporting industrial park, Optics Valley Science and Technology Financial Industrial Park and other construction projects continue to receive government special bond funding support.

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The Donghu High-tech Zone Management Committee has formulated the "State-owned Assets Supervision and Responsibility List" to support the authorization of the board of directors and management of Optics Valley Financial Holdings, giving Optics Valley Financial Holdings more independent management rights in project investment and financing. Since 2021, Hubei Science and Technology Investment, Wuhan High-tech State-owned Holding Group Co., Ltd. and Gehua Group have increased the Company's capital in cash, and the Company's paid-in capital has increased to 17.808 billion yuan by the end of March 2024.

# VIII. Tracking rating conclusion

Based on a comprehensive analysis and evaluation of the Company's operating risks, financial risks, external support and debt terms, Lianhe Credit has determined to maintain the Company's long-term credit rating of AAA, maintain the credit rating of "22 Guangkong 01", "23 Guanggu Jinkong MTN001 (Science and Technology Innovation Notes)" and "23 Guanggu Jinkong MTN002 (Science and Technology Innovation Notes)" at AAA, and the rating outlook is stable.



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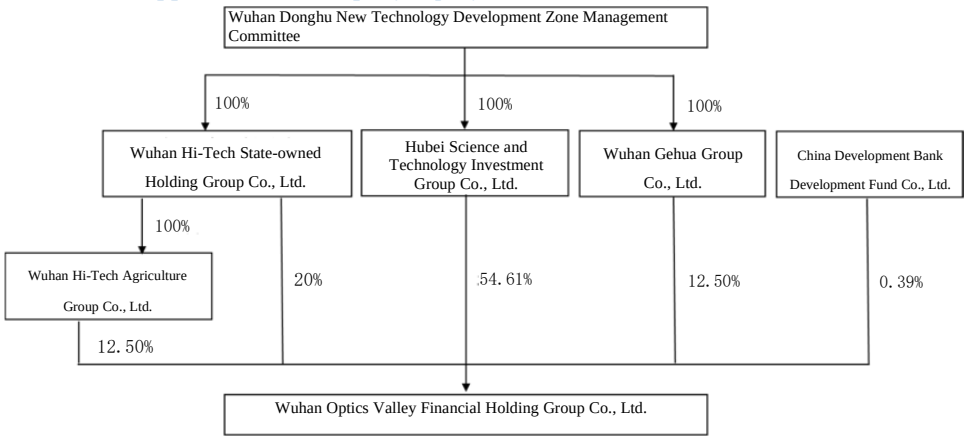
## Appendix 1-1 Company equity structure chart (as of the end of March 2024)




Source of data: Compiled by Lianhe Credit based on information provided by the Company

## Appendix 1-2 Company organizational structure chart (as of the end of 2023)

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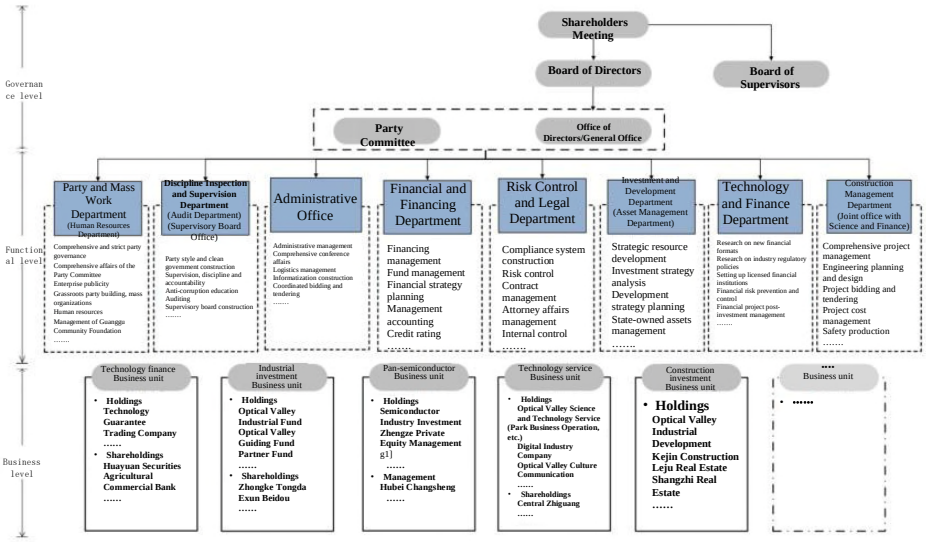


Source of data: Compiled by Lianhe Credit based on information provided by the Company



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## Appendix 2-1 Main financial data and indicators (company consolidated basis)

| Project | 2022 | 2023 | March 2024 |
|---|---|---|---|
| **Financial data** | | | |
| Cash assets (hundred million yuan) | 80.26 | 65.04 | 67.12 |
| Accounts receivable (hundred million yuan) | 2.51 | 3.52 | 3.84 |
| Other receivables (hundred million yuan) | 54.78 | 48.91 | 46.24 |
| Inventory (hundred million yuan) | 7.66 | 19.56 | 21.49 |
| Long-term equity investment (hundred million yuan) | 125.16 | 180.34 | 192.57 |
| Fixed assets (hundred million yuan) | 1.25 | 1.38 | 1.37 |
| Construction in progress (hundred million yuan) | 0.00 | 0.03 | 0.03 |
| Total assets (hundred million yuan) | 593.23 | 762.62 | 776.59 |
| Paid-in capital (hundred million yuan) | 169.41 | 177.10 | 178.08 |
| Minority shareholders' equity (hundred million yuan) | 210.01 | 253.67 | 254.42 |
| Owner's equity (hundred million yuan) | 396.65 | 451.21 | 452.33 |
| Short-term debt (hundred million yuan) | 24.06 | 26.71 | 21.92 |
| Long-term debt (hundred million yuan) | 70.19 | 168.54 | 175.26 |
| Total debt (hundred million yuan) | 94.26 | 195.25 | 197.18 |
| Total operating income (hundred million yuan) | 1.31 | 1.47 | 0.12 |
| Operating costs (hundred million yuan) | 0.46 | 0.47 | 0.10 |
| Other income (hundred million yuan) | 0.04 | 1.39 | 0.10 |
| Total profit (hundred million yuan) | 3.33 | 3.48 | -0.46 |
| EBITDA (hundred million yuan) | 5.07 | 6.87 | -- |
| Cash received from sales of goods and provision of services (hundred million yuan) | 0.34 | 0.56 | 0.69 |
| Subtotal of cash inflow from operating activities (hundred million yuan) | 37.43 | 107.73 | 33.47 |
| Net cash flow from operating activities (hundred million yuan) | -8.41 | 17.85 | 13.40 |
| Net cash flow from investing activities (hundred million yuan) | -226.60 | -194.25 | -23.01 |
| Net cash flow from financing activities (hundred million yuan) | 258.02 | 145.69 | 1.17 |
| **Financial indicators** | | | |
| Number of sales receivables turnover (times) | 0.63 | 0.49 | -- |
| Number of inventory turnover (times) | 0.08 | 0.03 | -- |
| Number of total asset turnover (times) | 0.00 | 0.00 | -- |
| Cash income ratio (%) | 25.74 | 38.24 | 571.87 |
| Operating profit margin (%) | 59.60 | 63.37 | 11.45 |
| Return on total capital (%) | 0.95 | 1.00 | -- |
| Return on net assets (%) | 0.76 | 0.73 | -- |
| Long-term debt capitalization ratio (%) | 15.04 | 27.19 | 27.93 |
| Total debt capitalization ratio (%) | 19.20 | 30.20 | 30.36 |
| Debt-to-asset ratio (%) | 33.14 | 40.83 | 41.75 |
| Current ratio (%) | 160.69 | 130.53 | 125.42 |
| Quick ratio (%) | 152.28 | 112.31 | 106.48 |
| Operating cash flow to debt ratio (%) | -9.24 | 16.63 | -- |
| Cash to short-term debt ratio (times) | 3.34 | 2.43 | 3.06 |
| EBIT DA interest multiple (times) | 1.51 | 2.16 | -- |
| Total debt/EBITDA (times) | 18.60 | 28.44 | -- |

Note: The Company's first quarter 2024 financial statements are unaudited; interest-bearing debt in long-term payables has been included in the total debt accounting;
Source of data: Compiled by Lianhe Credit based on information provided by the Company

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## Appendix 2-2 Main financial data and indicators (company headquarters caliber)

| Project | 2022 | 2023 | March 2024 |
|---|---|---|---|
| **Financial data** | | | |
| Cash assets (hundred million yuan) | 17.81 | 21.82 | 14.19 |
| Accounts receivable (hundred million yuan) | 2.53 | 3.44 | 3.44 |
| Other receivables (hundred million yuan) | 61.37 | 120.92 | 121.43 |
| Inventory (hundred million yuan) | 0.00 | 0.00 | 0.00 |
| Long-term equity investment (hundred million yuan) | 278.59 | 440.10 | 452.87 |
| Fixed assets (hundred million yuan) | 0.30 | 0.29 | 0.29 |
| Construction in progress (hundred million yuan) | 0.00 | 0.00 | 0.00 |
| Total assets (hundred million yuan) | 360.66 | 586.70 | 592.34 |
| Paid-in capital (hundred million yuan) | 169.41 | 177.10 | 178.08 |
| Minority shareholders' equity (hundred million yuan) | 0.00 | 0.00 | 0.00 |
| Owner's equity (hundred million yuan) | 186.74 | 197.00 | 197.06 |
| Short-term debt (hundred million yuan) | 10.06 | 21.46 | 16.65 |
| Long-term debt (hundred million yuan) | 28.14 | 91.56 | 91.56 |
| Total debt (hundred million yuan) | 38.21 | 113.03 | 108.22 |
| Total operating income (hundred million yuan) | 0.82 | 0.97 | 0.00 |
| Operating costs (hundred million yuan) | 0.02 | 0.01 | 0.00 |
| Other income (hundred million yuan) | 0.00 | 1.20 | 0.00 |
| Total profit (hundred million yuan) | 2.46 | 2.96 | -0.81 |
| EBITDA (hundred million yuan) | 3.88 | 6.02 | -- |
| Cash received from sales of goods and provision of services (hundred million yuan) | 0.01 | 0.12 | 0.00 |
| Subtotal of cash inflow from operating activities (hundred million yuan) | 55.90 | 175.03 | 32.85 |
| Net cash flow from operating activities (hundred million yuan) | 8.01 | 54.39 | 10.97 |
| Net cash flow from investing activities (hundred million yuan) | -103.44 | -156.43 | -12.67 |
| Net cash flow from financing activities (hundred million yuan) | 96.42 | 106.80 | -5.83 |
| **Financial indicators** | | | |
| Number of sales receivables turnover (times) | 0.39 | 0.33 | -- |
| Number of inventory turnover (times) | -- | -- | -- |
| Number of total asset turnover (times) | 0.00 | 0.00 | -- |
| Cash income ratio (%) | 1.74 | 12.40 | -- |
| Operating profit margin (%) | 94.87 | 96.48 | -- |
| Return on total capital (%) | 1.66 | 1.97 | -- |
| Return on net assets (%) | 1.24 | 1.54 | -- |
| Long-term debt capitalization ratio (%) | 13.10 | 31.73 | 31.72 |
| Total debt capitalization ratio (%) | 16.98 | 36.46 | 35.45 |
| Debt-to-asset ratio (%) | 48.22 | 66.42 | 66.73 |
| Current ratio (%) | 71.58 | 61.80 | 57.44 |
| Quick ratio (%) | 71.58 | 61.80 | 57.44 |
| Operating cash flow to debt ratio (%) | 7.02 | 22.99 | -- |
| Cash to short-term debt ratio (times) | 1.77 | 1.02 | 0.85 |
| EBIT DA interest multiple (times) | 2.73 | 1.96 | -- |
| Total debt/EBITDA (times) | 9.84 | 18.76 | -- |

Note: The Company's headquarters' first quarter 2024 financial statements are unaudited
Source of data: Compiled by Lianhe Credit based on information provided by the Company

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## Appendix 2-3 The parent fund's external equity participation in sub-funds

Table 1 • The Optics Valley Industrial Development Fund's equity participation in funds as of the end of 2023 (unit: hundred thousand yuan)

| Serial number | Fund name | Date of establishment | Subscribed fund size | Actually paid fund size | Subscribed fund size of Optical Valley Industrial Development Fund | Actually paid fund size of Optical Valley Industrial Development Fund | Fund type | Investment field |
|---|---|---|---|---|---|---|---|---|
| 1 | Chinese Academy of Sciences Science and Technology Achievement Transformation Venture Capital Fund (Wuhan) Partnership (Limited Partnership) | 2018.02.13 | 285,060.00 | 285,060.00 | 10,000.00 | 10,000.00 | Venture capital fund | Projects of more than 100 scientific research institutes under the Chinese Academy of Sciences |
| 2 | Wuhan Shunying Equity Investment Partnership (Limited Partnership) | 2018.04.25 | 94,025.00 | 94,025.00 | 20,025.00 | 20,025.00 | Venture capital fund | Xiaomi Ecosystem Project |
| 3 | Zhongxin High-tech Investment Optics Valley Tongze (Hubei) Industrial Investment Fund Partnership (Limited Partnership) | 2020.12.25 | 100,000.00 | 50,000.00 | 20,000.00 | 10,000.00 | Private equity investment fund | Leading enterprises that play a leading role in major short-board filling industries and urgently need financial capital support |
| 4 | Wuhan Ruifu Medical Health Equity Investment Partnership (Limited Partnership) | 2017.02.08 | 78,800.00 | 74,612.00 | 12,248.00 | 12,248.00 | Venture capital fund | Biomedicine, high-end medical technology and equipment |
| 5 | Hubei Zhaoying Optics Valley Innovative Drug Venture Capital Fund Partnership (Limited Partnership) | 2023.06.07 | 30,100.00 | 30,100.00 | 10,000.00 | 10,000.00 | Venture capital fund | Fund special investment in Wuhan Newfor Biotechnology Co., Ltd. |
| 6 | Qing Ginkgo Optics Valley Venture Capital Fund (Wuhan) Partnership (Limited Partnership) | 2023.04.24 | 205,100.00 | 82,040.00 | 20,000.00 | 8,000.00 | Venture capital fund | New Generation Information Technology, Advanced Manufacturing, Biomedicine, Technology Services |
| 7 | Wuhan Optics Valley Innovation Huashan No. 1 Investment Fund Partnership (Limited Partnership) | 2023.06.13 | 20,000.00 | 9,200.00 | 3,800.00 | 100.00 | Venture capital fund | Key industry in the High-tech Zone |
| 8 | Hubei Chutian Fengming Science and Technology Innovation Angel Investment Fund Partnership (Limited Partnership) | 2023.03.27 | 300,000.00 | 70,000.00 | 90,000.00 | 10,000.00 | Venture capital fund | Investment focused on the transformation of scientific and technological achievements, the construction of scientific and technological innovation platforms, and focused on technology-based small and medium-sized enterprises, early-stage enterprises in the transformation of achievements, disruptive technological innovation achievements, cutting-edge technology research projects, and future technologies |
| - | **Total** | - | **1,113,085.00** | **699,225.00** | **186,073.00** | **80,373.00** | - | - |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

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Table 2 • The Optics Valley Partner Investment Fund's participation in funds as of the end of 2023 (unit: hundred thousand yuan)

| Serial number | Fund name | Date of establishment | Subscribed fund size | Actually paid fund size | Subscribed fund size of Optical Valley Partners Fund | Actually paid fund size of Optical Valley Partners Fund | Nature of fund | Investment field |
|---|---|---|---|---|---|---|---|---|
| 1 | Wuhan Optics Valley Talent Venture Capital Partnership (Limited Partnership) | 2015.08.20 | 56,100.00 | 56,100.00 | 37,500.00 | 37,500.00 | Equity investment fund | Enterprises selected for the 3551 Talent Program of Donghu High-tech Zone |
| 2 | Wuhan Jifeng Equity Investment Partnership (Limited Partnership) | 2022.07.08 | 36,500.00 | 10,946.00 | 3,040.00 | 912 | Equity investment fund | Life and health |
| 3 | Wuhan Paradise Silicon Valley Hengxin Venture Capital Fund Partnership (Limited Partnership) | 2021.05.28 | 58,700.00 | 58,700.00 | 5,870.00 | 5,870.00 | Equity investment fund | High-end manufacturing, biomedicine, integrated circuits |
| 4 | Tongxin Zhongying (Wuhan) Venture Capital Fund Partnership (Limited Partnership) | 2022.01.06 | 10,000.00 | 5,000.00 | 4,000.00 | 2,000.00 | Equity investment fund | Optoelectronic information |
| 5 | Wushouyuan Baiying Huicai Venture Capital Fund (Wuhan) Partnership (Limited Partnership) | 2022.05.09 | 13,000.00 | 10,600.00 | 4,800.00 | 2,400.00 | Equity investment fund | Private equity fund |
| 6 | Qing Ginkgo Optics Valley Venture Capital Fund (Wuhan) Partnership (Limited Partnership) | 2023.04.24 | 205,100.00 | 82,040.00 | 10,000.00 | 4,000.00 | Equity investment fund | New Generation Information Technology, Advanced Manufacturing, Biomedicine, Technology Services |
| 7 | Wuhan Planck Jianxin Angel No. 1 Venture Capital Fund Partnership (Limited Partnership) | 2023.02.17 | 13,000.00 | 6,565.00 | 3,000.00 | 1,500.00 | Equity investment fund | Semiconductors, new materials, high-end manufacturing |
| 8 | Wuhan Inno Angel Investment Fund Partnership (Limited Partnership) | 2023.10.13 | 20,203.00 | 10,102.00 | 5,000.00 | 2,500.00 | Equity investment fund | Mainly invests in non-listed companies in new generation information technology, digital economy, artificial intelligence, smart manufacturing and related fields |
| - | **Total** | - | **412,603.00** | **240,053.00** | **73,210.00** | **56,682.00** | - | - |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

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Table 3 • The Optics Valley Venture Capital Fund's equity participation in funds as of the end of 2023 (unit: hundred thousand yuan)

| Serial number | Fund name | Date of establishment | Subscribed fund size | Actually paid fund size | Subscribed scale of Optical Valley Venture Capital Fund | Actually paid scale of Optical Valley Venture Capital Fund | Nature of fund | Investment field |
|---|---|---|---|---|---|---|---|---|
| 1 | Wuhan Science and Technology Entrepreneurship Angel Investment Fund Partnership (Limited Partnership) | 2014.01.10 | 20,000.00 | 20,000.00 | 1,000.00 | 1,000.00 | Venture capital fund | Focus on investing in seed and start-up companies in the fields of optoelectronics, new materials, equipment manufacturing, biomedicine, new energy, etc. |
| 2 | Wuhan Optoelectronics Research and Development Venture Capital Fund Partnership (Limited Partnership) | 2015.06.17 | 10,000.00 | 6,564.60 | 1,000.00 | 408.2 | Equity investment fund | Start-up companies in the field of industrial development planning of Donghu High-tech Zone; and start-up companies in the "3551 Talent Plan" |
| 3 | Wuhan Fenghuo Optoelectronics Information Venture Capital Fund Enterprise (Limited Partnership) | 2014.10.11 | 25,000.00 | 25,000.00 | 5,000.00 | 5,000.00 | Equity investment fund | Optoelectronics and information and other strategic emerging industries and high-tech transformation and upgrading of traditional industries in the early and mid-stage enterprises |
| 4 | Hubei Gaofuxin Venture Capital Co., Ltd. | 2013.02.18 | 10,000.00 | 5,000.00 | 1,000.00 | 1,000.00 | Equity investment fund | Start-up companies in the field of industrial development planning of Donghu High-tech Zone; and start-up companies in the "3551 Talent Plan" |
| 5 | Wuhan Optics Valley Renfu Biomedicine Venture Capital Fund | 2014.08.21 | 25,000.00 | 25,000.00 | 5,000.00 | 5,000.00 | Venture capital fund | Initial and early-stage enterprises in strategic emerging industries such as biology and new medicine |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Center (Limited Partnership) | | | | | | | |
| 6 | Wuhan Optics Valley High-tech Growth Venture Capital Partnership (Limited Partnership) | 2013.12.31 | 10,300.00 | 10,000.00 | 640 | 1,000.00 | Equity investment fund | Start-up companies in the field of industrial development planning of Donghu High-tech Zone; and start-up companies in the "3551 Talent Plan" |
| 7 | Hubei Kechuang Angel Investment Co., Ltd. | 2014.07.11 | 20,000.00 | 11,000.00 | 4,000.00 | 4,000.00 | Venture capital fund | Seed-stage and start-up technology companies in strategic emerging industries that are in line with national and local industrial development plans |
| 8 | Wuhan Huiren Bio Venture Capital Fund Center (Limited Partnership) | 2013.02.28 | 25,000.00 | 25,000.00 | 5,500.00 | 5,500.00 | Private equity investment fund | Start-up companies in strategic emerging industries such as biology and new medicines and high-tech transformation and upgrading of traditional industries |
| 9 | Wuhan Optics Valley New Third Board Equity Investment Fund Partnership (Limited Partnership) | 2013.01.25 | 10,000.00 | 10,000.00 | 1,000.00 | 1,167.22 | Equity investment fund | Companies with the industrial development plan of Donghu High-tech Zone; and companies with the potential to be listed on the New Third Board and companies listed on the New Third Board that are in line with the "3551 Talent Plan" |
| 10 | Wuhan Donghu Innovation and Entrepreneurship Investment Fund Co., Ltd. | 2011.06.14 | 16,000.00 | 15,000.00 | 1,230.70 | 1,230.70 | Equity investment fund | Start-up technology-based small and medium-sized enterprises in strategic emerging industries |
| 11 | Wuhan Tus-Donghu Venture Capital Co., Ltd. | 2013.05.20 | 20,000.00 | 20,000.00 | 1,000.00 | 1,000.00 | Venture capital fund | Start-up companies in the field of industrial development planning of Donghu High-tech Zone; and start-up companies in the "3551 Talent Plan" |
| 12 | Wuhan Optical Valley Renfu Xincheng Biopharmaceutical Industry Investment Fund Center (Limited Partnership) | 2017.06.05 | 60,000.00 | 25,000.00 | 29,400.00 | 12,250.00 | Equity investment fund | Pharmaceutical and health industry |
| 13 | Wuhan Renfu Biomedicine Industry Investment Fund Center (Limited Partnership) | 2016.11.17 | 25,000.00 | 25,000.00 | 2,000.00 | 2,000.00 | Equity investment fund | Biomedicine, medical devices, medical technology and services, and other related health industry fields |
| 14 | Wuhan Donghu Jingwei Angel Investment Center (Limited Partnership) | 2016.12.08 | 10,510.00 | 10,510.00 | 1,500.00 | 1,500.00 | Venture capital fund | Enterprises in Wuhan's strategic emerging industries |
| 15 | Wuhan Changzheng Optics Valley Spark Venture Capital Fund Partnership (Limited Partnership) | 2023.05.16 | 30,000.00 | 7,000.00 | 7,200.00 | 1,680.00 | Venture capital fund | Hard technology, new energy |
| 16 | Wuhan Kaiyuan Optics Valley Hard Technology Venture Capital Partnership (Limited Partnership) | 2021.09.29 | 13,800.00 | 8,625.00 | 8,000.00 | 5,000.00 | Venture capital fund | Mainly invests in hard technology companies across the country, focusing on companies in Wuhan Donghu New Technology Development Zone |
| - | **Total** | - | **330,610.00** | **248,699.60** | **74,470.70** | **48,736.12** | - | - |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

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Table 4 • The Optics Valley Innovation Investment Fund's equity funds as of the end of 2023 (unit: hundred thousand yuan)

| Serial number | Fund name | Date of establishment | Subscribed fund size | Actually paid fund size | Subscribed fund size of Optical Valley Innovation Investment Fund | Actually paid fund size of Optical Valley Innovation Investment Fund | Nature and type of fund | Investment field |
|---|---|---|---|---|---|---|---|---|
| 1 | Wuhan Changfei Science and Technology Innovation Industry Fund Partnership (Limited Partnership) | 2021.04.16 | 100,000.00 | 79,000.00 | 10,000.00 | 7,500.00 | Venture capital fund | Optoelectronic information |
| 2 | Changjiang Yuantong (Wuhan) New Third Board No. 2 Investment Fund Partnership (Limited Partnership) | 2017.02.13 | 10,000.00 | 10,000.00 | 2,000.00 | 2,000.00 | Venture capital fund | Hard technology |
| 3 | Hubei Gaotou Hongchuang Industry Investment Fund Partnership (Limited Partnership) | 2021.07.22 | 19,100.00 | 7,900.00 | 3,789.00 | 0 | Venture capital fund | Hard technology |
| 4 | Wuhan Optics Valley Star Bio-industry Venture Capital Fund Partnership (Limited Partnership) | 2018.08.30 | 30,550.00 | 28,050.00 | 5,000.00 | 2,500.00 | Venture capital fund | Biomedicine |
| 5 | Hubei Green Development Fund Partnership (Limited Partnership) | 2021.07.15 | 19,020.00 | 19,020.00 | 3,000.00 | 3,000.00 | Venture capital fund | "221" industrial system, focusing on optoelectronic information and smart manufacturing |
| 6 | Wuhan Huagong Ruiyuan Venture Capital Fund Partnership (Limited Partnership) | 2021.11.08 | 19,800.00 | 19,800.00 | 3,500.00 | 3,500.00 | Venture capital fund | Optoelectronic information |
| 7 | Hubei Province Hubao New Energy Equity Investment Fund Partnership (Limited Partnership) | 2021.02.18 | 18,450.00 | 18,450.00 | 3,450.00 | 3,450.00 | Venture capital fund | Private equity fund |
| 8 | Wuhan Zhidao Intellectual Property Science and Technology Venture Capital Partnership (Limited Partnership) | 2022.11.15 | 15,000.00 | 15,000.00 | 3,000.00 | 3,000.00 | Venture capital fund | Hard technology |
| 9 | Wuhan Changzheng Optics Valley Spark Venture Capital Fund Partnership (Limited Partnership) | 2023.05.16 | 30,000.00 | 7,000.00 | 7,500.00 | 1,750.00 | Venture capital fund | New energy, new materials, optical core, screen, and network |
| 10 | Qing Ginkgo Optics Valley Venture Capital Fund (Wuhan) Partnership (Limited Partnership) | 2023.04.24 | 205,100.00 | 82,040.00 | 10,000.00 | 4,000.00 | Venture capital fund | New Generation Information Technology, Advanced Manufacturing, Biomedicine, Technology Services |
| 11 | Wuhan Zhengge Juxin Equity Investment Fund Partnership (Limited Partnership) | 2023.05.31 | 20,000.00 | 20,000.00 | 5,000.00 | 5,000.00 | Venture capital fund | Semiconductor upstream and downstream and optoelectronics |
| 12 | Wuhan Ketou Mingxiang Big Health Industry Investment Fund Partnership (Limited Partnership) | 2022.11.11 | 20,000.00 | 4,060.00 | 4,000.00 | 800 | Venture capital fund | Biomedicine |
| 13 | Wuhan Optics Valley Innovation Huashan No. 1 Investment Fund Partnership (Limited Partnership) | 2023.06.13 | 20,000.00 | 9,200.00 | 5,000.00 | 100 | Venture capital fund | Key industry in the High-tech Zone |
| 14 | Wuhan Jifeng Equity Investment Partnership (Limited Partnership) | 2022.12.14 | 36,500.00 | 10,946.00 | 6,081.00 | 1,824.00 | Venture capital fund | Biomedicine |
| 15 | Wuhan Boxin Venture Capital Partnership (Limited Partnership) | 2023.06.01 | 40,000.00 | 12,040.00 | 10,000.00 | 3,000.00 | Venture capital fund | Life science tool industry |
| - | **Total** | - | **603,520.00** | **342,506.00** | **81,320.00** | **41,424.00** | - | - |

Source of data: Compiled by Lianhe Credit based on information provided by the Company

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## Appendix 3 Calculation formula of main financial indicators

| Indicator name | Calculation formula |
|---|---|
| **Growth indicator** | |
| Compound annual growth rate of total assets | (1) 2-year data: Growth rate = (current period - previous period) / previous period × 100%<br>(2) n-year data: Growth rate = [(current period / previous n years)^ (1/(n-1)) -1] × 100% |
| Compound annual growth rate of net assets | |
| Compound annual growth rate of total operating income | |
| Compound annual growth rate of total profit | |
| **Operating efficiency indicator** | |
| Sales debt turnover times | Total operating income / (average net accounts receivable + average notes receivable + average accounts receivable financing) |
| Inventory turnover times | Operating cost / average inventory net amount |
| Total asset turnover times | Total operating income / average total assets |
| Cash income ratio | Cash received from sales of goods and provision of services/total operating income × 100% |
| **Profitability indicators** | |
| Return on total capital | (net profit + expensed interest expense)/(owner's equity + long-term debt + short-term debt) × 100% |
| Return on net assets | Net profit/owner's equity × 100% |
| Operating profit margin | (total operating income-operating costs-taxes and surcharges)/total operating income × 100% |
| Debt structure indicators | |
| Debt-to-asset ratio | Total liabilities/total assets × 100% |
| Total debt capitalization ratio | Total debt/(long-term debt + short-term debt + owner's equity) × 100% |
| Long-term debt capitalization ratio | Long-term debt/(long-term debt + owner's equity) × 100% |
| Guarantee ratio | Guarantee balance/owner's equity × 100% |
| Long-term debt repayment ability indicators | |
| EBITDA interest multiples | EBITDA/interest expense |
| Total debt/EBITDA | Total debt/EBITDA |
| Short-term debt-paying ability indicator | |
| Current ratio | Total current assets/total current liabilities × 100% |
| Quick ratio | (Total current assets - inventory)/total current liabilities × 100% |
| Operating cash flow to debt ratio | Net cash flow from operating activities/total current liabilities × 100% |
| Cash to short-term debt ratio | Cash assets/short-term debt |

Note: Cash assets = cash and cash equivalents + trading financial assets + notes receivable + notes receivable in accounts receivable financing

Short-term debt = short-term loans + trading financial liabilities + non-current liabilities due within one year + notes payable + other short-term debt

Long-term debt = long-term loans + bonds payable + lease liabilities + other long-term debt

Total debt = short-term debt + long-term debt

EBITDA = Total profit + interest expense + depreciation of fixed assets + depreciation of right-of-use assets + amortization

Interest expense= capitalized interest expense+ expensed interest expense

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## Appendix 4-1 Setting and meaning of long-term credit rating of the subject

Lianhe Credit's subject long-term credit rating is divided into three grades and nine levels, represented by the symbols: AAA、AA、A、BBB、BB、B、CCC、CC、C。 Except for AAA and CCC (inclusive) and below, each credit rating can be fine-tuned with "+" and "-" symbols to indicate slightly higher or slightly lower than this level.

Each credit rating symbol represents the relative ranking and probability of default of the rated object. The credit rating from high to low reflects the gradual increase in the probability of default of the rated object, but does not rule out the possibility of default of the rated object with high credit rating.

The specific rating settings and meanings are shown in the following table.

| Credit rating | Meaning |
|---|---|
| AAA | The ability to repay debts is extremely strong, basically not affected by the adverse economic environment, and the probability of default is extremely low |
| AA | The ability to repay debts is very strong, not greatly affected by the adverse economic environment, and the probability of default is very low |
| A | The ability to repay debts is relatively strong, more easily affected by the adverse economic environment, and the probability of default is low |
| BBB | The ability to repay debts is average, greatly affected by the adverse economic environment, and the probability of default is average |
| BB | The ability to repay debts is relatively weak, greatly affected by the adverse economic environment, and the probability of default is high |
| B | The ability to repay debts is highly dependent on a good economic environment, and the probability of default is very high |
| CCC | The ability to repay debts is extremely dependent on a good economic environment, and the probability of default is extremely high |
| CC | The protection available in bankruptcy or reorganization is relatively small, and debt repayment is basically not guaranteed |
| C | Unable to repay debts |

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## Appendix 4-2 Medium- and long-term bond credit rating settings and meanings

The setting and meaning of the medium- and long-term bond credit ratings of Lianhe Credit are the same as the long-term credit ratings of the subject.

## Appendix 4-3 Rating outlook settings and meanings

The rating outlook is an evaluation of the direction and possibility of changes in the credit rating in the next year or so. Rating outlooks are usually divided into four types: positive, negative, stable, and developing.

| Rating outlook | Meaning |
|---|---|
| Positive | There are many favorable factors, and the credit rating is likely to be upgraded in the future |
| Stable | The credit status is stable, and the credit rating is likely to be maintained in the future |
| Negative | There are many unfavorable factors, and the credit rating is likely to be downgraded in the future |
| Developing | The impact of special events cannot be clearly assessed, and the credit rating may be upgraded, downgraded or maintained in the future |



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