

SUMMARY

This summary aims to give you an overview of the information contained in this Document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this Document. You should read the whole Document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this Document. You should read that section carefully in full before you decide to invest in the [REDACTED].

OVERVIEW

We are a leading city commercial bank in Yibin, Sichuan Province of China. As of December 31, 2022, we were the largest bank in Yibin in terms of total assets, according to the CBIRC Yibin Office. Additionally, we were the largest city commercial bank in Yibin and the second largest city commercial bank in Sichuan Province in terms of registered capital as of the same date, according to the CBIRC Sichuan Office. Upholding our mission of “contributing to local economies, supporting small and medium-sized enterprises, and serving urban residents,” we have been deeply integrated with the vibrant local economy and industrial clusters in Yibin and Sichuan Province since our inception in 2006. Leveraging our profound understanding of the local market, we offer financial services tailored to the requirements of local businesses and residents. With over 17 years of operation, we have established ourselves as a strategic cooperative bank that facilitates the advancement of industrial clusters, a distinct bank serving the Baijiu industry value chain, a trusted partner bank for small and micro enterprises, and a technology-enabled retail bank.

Our primary operations and service networks are based in Yibin, Sichuan Province. Nestled in southwestern China and positioned at the intersection of the Silk Road Economic Belt and Yangtze River Economic Belt, Yibin capitalizes on its geographic benefits, enjoying a unique natural environment and a wealth of diverse natural resources. Furthermore, with the robust support for infrastructure construction, trade and economic development brought by the policies of the National Fourth Pole of Growth–Chengdu-Chongqing Dual-city Economic Circle, Belt and Road Initiative, and Yangtze River Economic Belt, Yibin has established itself as an important force in driving the economic development in western China. Taking advantage of its strategic positioning within Sichuan Province and the Chengdu-Chongqing Dual-city Economic Circle, Yibin is committed to developing leading industrial clusters, including a world-class high-quality Baijiu sector, a globally first-class power battery sector, a national-level silicon photovoltaic sector, and a nationally advanced digital economy sector, all of which have experienced significant growth in recent years. Yibin has earned recognitions such as the “City of Baijiu,” “City of Chinese Power Battery,” National Modern Innovative Industry Development Demonstration Zone, and National Industry-Education Integration Pilot City for its noteworthy achievements in relevant sectors. Additionally, Yibin has drawn groups of

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leading enterprises across various industrial clusters, including Contemporary Amperex Technology Co., Limited, Geely Automobile Holdings Limited, and Wuliangye Group. It was also home to 12 universities and 13 research institutes as of December 31, 2022. In 2022, Yibin established over five innovative platforms, including academicians and experts’ workstations of provincial level and above, key laboratories, and industrial technology innovation centers. This convergence of extensive scientific research capabilities and a plethora of talented individuals injects immense vitality into the local economic and financial landscape.

By leveraging regional resource advantages, we have fostered strong alliances with the local economy and developed a comprehensive, trustworthy, and regionally distinctive portfolio of financial products and services. Specifically, we have strategically aligned our corporate banking business with the economic and industrial development in Yibin, assembled dedicated industry research groups and established specialized sub-branches to serve enterprises of all sizes operating in regionally distinctive sectors such as Baijiu, power battery, silicon photovoltaic, and digital economy. On the other hand, our retail banking business capitalizes on the rapidly expanding population and domestic demand market in Yibin. Through the implementation of a “comprehensive retail banking” concept, we have created an interconnected retail ecosystem that bridges retail, corporate, and financial market businesses, leveraging the data on customer needs and preferences gathered from different services to deliver personalized financial products and services to local residents and individual business owners. By fostering synergistic development across different lines of business, we continually strive to create a comprehensive and seamless banking experience for our customers. As of December 31, 2022, our total customer deposits (excluding accrued interest) and gross loans and advances to customers reached RMB58,204.1 million and RMB43,666.5 million, respectively, ranked among the top in the banking industry in Yibin, according to CBIRC Yibin Office.

Our strategic positioning and service network are intertwined with the dynamic economic mechanisms of Sichuan Province and the Chengdu-Chongqing Dual-city Economic Circle. With a strong focus on enhancing our digital systems and advancing our financial technology capabilities, we are able to offer distinct digitalized services through various channels, including through our “1+N” supply chain financial service model. See “– Digitalization – Technology-enabled Financial Services – Online Lending.” As of December 31, 2022, our branch network consisted of 39 facilities (including 38 branch and sub-branches and one head office), covering Yibin and Neijiang. We additionally work to integrate our online electronic banking channels with offline branch networks and facilities to further expand our business channels and broaden our customer base, which enables us to effectively cater to our customers’ diverse needs and ensure efficient delivery of our financial products and services to their intended customer groups.

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Benefiting from our robust development strategies and regionally distinctive portfolio of financial products and services, we have experienced substantial growth since our inception. Our total assets increased by 20.4% from RMB56,887.8 million as of December 31, 2020 to RMB68,490.4 million as of December 31, 2021, and further increased by 17.4% to RMB80,413.3 million as of December 31, 2022. In addition, our operating income increased by 18.0% from RMB1,373.7 million in 2020 to RMB1,620.8 million in 2021, and further increased by 15.2% to RMB1,867.0 million in 2022. As we strive for business expansion, we remain committed to maintaining prudent risk management and robust internal controls, prioritizing the preservation of strong asset quality. Our asset quality continued to improve during the Track Record Period. As of December 31, 2022, our non-performing loan ratio and allowance coverage ratio were 1.77% and 213.40%, respectively, better than the industry averages of 1.85% and 191.62% of city commercial banks in China as of the same date, respectively, according to the NAFR.

We have received a number of awards and honors in recognition of our exceptional performance and sound management. See “– Awards and Recognition.” For instance, we ranked first in the comprehensive evaluation of “supporting local economic development and controlling local financial risks by banking financial institutions in Yibin” from 2020 to 2022. The table below sets forth certain significant awards and honors we received in 2020, 2021 and 2022:

<u>Year(s)</u>	<u>Award/Certificate</u>	<u>Awarding Body</u>
2022	Best City Commercial Bank at 2022 (6th) Boao Enterprise Forum	Boao Enterprise Forum Organizing Committee
2022	Outstanding Contribution Award for Mobile Payment Facilitation Project	China UnionPay Sichuan Branch
2022, 2021, 2020	Ranked first in the comprehensive evaluation of “supporting local economic development and controlling local financial risks by banking financial institutions in Yibin”	Yibin Municipal Financial Work Bureau, Yibin Municipal Finance Bureau, Yibin Municipal Government SASAC, the PBoC Yibin Branch and China Banking and Insurance Regulatory Commission Yibin Regulatory Authority
2022, 2021	Excellent Strategic Partner Award at the 25th and 26th Wuliangye 1218 Annual Convention: Achieving Shared Growth Through Collaboration	Wuliangye Group
2020	Sichuan Province Excellent Service Enterprise	Sichuan Provincial Party Committee, Provincial Government

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OUR COMPETITIVE STRENGTHS

We believe that the following competitive advantages have positioned us favorably in the banking industry in Yibin and will contribute to our future growth:

- Deep integration with the thriving local economy and industrial clusters in Sichuan province and Yibin entailing significant growth potential;
- Customized corporate banking products and services aligned closely with regional industry development and advancement;
- Differentiated retail banking business underpinned by the “comprehensive retail banking” strategy;
- Robust technological strengths empowering sustainable development;
- Strong shareholder background and robust corporate governance structure;
- Prudent and effective risk management leading to robust asset quality; and
- Experienced management team and highly-skilled workforce.

For details of our competitive strengths, see “Business – Our Competitive Strengths.”

OUR DEVELOPMENT STRATEGIES

Our vision is to enhance our brand value and become a leading bank with regional influence in western China. We intend to achieve this vision through the following strategic initiatives:

- Consolidating regional advantages and promoting business transformation;
- Innovating technology-based financial services and advancing digital transformation;
- Optimizing governance structure, enhancing risk management and internal control capabilities; and
- Strengthening talent leadership and improving incentive mechanisms.

For details of our development strategies, see “Business – Our Development Strategies.”

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OUR PRINCIPAL BUSINESS LINES

Deeply integrated with the thriving local economy and industrial clusters in Sichuan Province and Yibin, we provide customized financial services for local customers based on our in-depth understanding of local market dynamics. Our core business lines include corporate banking, retail banking and financial markets tailored to address the distinct financial needs of diverse customer groups.

The following table sets forth a breakdown of our operating income by business line for the periods indicated:

	Years ended December 31,					
	2020		2021		2022	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
<i>(RMB in millions, except for percentages)</i>						
Corporate banking	1,059.5	77.2	1,225.9	77.5	1,482.1	79.4
Retail banking	251.8	18.3	297.1	18.3	328.2	17.6
Financial markets	62.1	4.5	67.1	4.1	56.2	3.0
Unallocated ⁽¹⁾	0.3	0.0	0.8	0.0	0.5	0.0
Total	1,373.7	100.0	1,620.8	100.0	1,867.0	100.0

Note:

(1) Represents operating income that are not directly attributable to any specific segment.

For details of our principal business lines, see “Business – Our Principal Business Lines.”

SUMMARY HISTORICAL FINANCIAL INFORMATION

You should read the summary historical financial information set forth below in conjunction with our historical financial information included in the Accountant’s Report set forth in Appendix I, which were prepared in accordance with IFRSs, and the sections headed “Assets and Liabilities” and “Financial Information.” The consolidated statements of comprehensive income for the years ended December 31, 2020, 2021 and 2022, as well as the consolidated statements of financial position as of December 31, 2020, 2021 and 2022 set out below have been derived from Accountant’s Report set forth in Appendix I.

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Selected Data from Consolidated Statements of Comprehensive Income

The following table sets forth our results of operations for the periods indicated:

	Years ended December 31,		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Interest income	2,068.8	2,545.7	3,201.6
Interest expense	(861.0)	(1,163.5)	(1,449.3)
Net interest income	1,207.8	1,382.2	1,752.3
Fee and commission income	85.3	53.2	65.8
Fee and commission expense	(17.0)	(20.5)	(26.5)
Net fee and commission income	68.3	32.7	39.4
Net gains/(losses) on trading activities	77.9	171.2	(35.0)
Net gains on financial investments	7.2	11.0	86.5
Other operating income	12.6	23.7	23.8
Operating income	1,373.7	1,620.8	1,867.0
Operating expenses	(544.8)	(606.8)	(655.4)
Expected credit losses	(422.5)	(644.7)	(728.3)
Impairment losses	(0.3)	(0.5)	(5.8)
Profit before income tax	406.1	369.0	477.5
Income tax expense	(90.8)	(40.7)	(45.0)
Net profit	315.3	328.3	432.5
Net profit attribute to:			
Shareholders of the Bank	328.6	352.5	437.7
Non-controlling interests	(13.3)	(24.2)	(5.2)
Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (expressed in RMB per share)	0.20	0.12	0.11

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Selected Data from Consolidated Statements of Financial Position

The following table sets forth the selected data of our statement of financial position as of the dates indicated.

	As of December 31,					
	2020		2021		2022	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
<i>(RMB in millions, except for percentages)</i>						
Assets						
Gross loans and advances to customers ⁽¹⁾	27,413.9	48.2	35,432.7	51.7	43,666.5	54.3
Accrued interest	69.5	0.1	128.2	0.2	293.0	0.4
ECL allowance	(1,241.5)	(2.2)	(1,595.1)	(2.3)	(1,648.6)	(2.1)
Net loans and advances to customers	<u>26,241.8</u>	<u>46.1</u>	<u>33,965.8</u>	<u>49.6</u>	<u>42,310.9</u>	<u>52.6</u>
Net financial investments	15,977.5	28.1	21,754.2	31.8	24,167.3	30.1
– Fair value through other comprehensive income	7,650.1	13.4	11,759.0	17.2	10,136.0	12.6
– Fair value through profit or loss	5,409.1	9.5	4,513.5	6.6	6,223.7	7.7
– Amortized cost	2,918.2	5.1	5,481.6	8.0	7,807.5	9.7
Cash and balances with central bank	9,085.3	16.0	6,871.1	10.0	5,586.5	6.9
Financial assets held under resale agreements, due from other banks and other financial institutions	3,748.1	6.5	4,118.1	6.0	6,527.6	8.2
Deferred tax assets	862.6	1.5	928.7	1.4	1,060.7	1.3
Property, plant and equipment	392.4	0.7	379.3	0.6	344.6	0.5
Right-of-use assets	32.8	0.1	28.5	0.0	26.4	0.0
Other assets	<u>547.4</u>	<u>1.0</u>	<u>444.6</u>	<u>0.6</u>	<u>389.3</u>	<u>0.5</u>
Total assets	<u>56,887.8</u>	<u>100.0</u>	<u>68,490.4</u>	<u>100.0</u>	<u>80,413.3</u>	<u>100.0</u>

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	As of December 31,					
	2020		2021		2022	
	% of		% of		% of	
	<i>Amount</i>	<i>total</i>	<i>Amount</i>	<i>total</i>	<i>Amount</i>	<i>total</i>
<i>(RMB in millions, except for percentages)</i>						
Liabilities						
Customer deposits	42,355.3	82.8	48,342.7	80.2	59,393.8	82.8
Financial assets sold under repurchase agreements, due to other banks and financial institutions	5,365.3	10.5	6,239.8	10.3	5,150.1	7.2
Debt securities issued	1,926.7	3.8	4,182.3	6.9	4,466.8	6.2
Borrowings from central bank	777.8	1.5	999.0	1.7	1,880.1	2.6
Taxes payable	172.4	0.3	108.7	0.2	253.2	0.4
Lease liabilities	30.9	0.1	21.7	0.0	16.3	0.0
Other liabilities ⁽²⁾	528.4	1.0	412.4	0.7	585.0	0.8
Total liabilities	51,156.8	100.0	60,306.6	100.0	71,745.3	100.0

Notes:

- (1) For purposes of this Document, the gross loans and advances to customers refer to the amount calculated by adding back the ECL allowance and excluding accrued interest to net loans and advances to customers.
- (2) Other liabilities consist primarily of other payables, employee benefits payable, settlement and clearance payables and provisions. See Note 32 of Appendix I to this Document.

Loans and Advances to Customers

Our loans and advances to customers consisted of corporate loans, personal loans, discounted bills and rediscounted bills. The following table sets forth the distribution of our loans and advances to customers by business lines as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	% of		% of		% of	
	<i>Amount</i>	<i>total</i>	<i>Amount</i>	<i>total</i>	<i>Amount</i>	<i>total</i>
<i>(RMB in millions, except for percentages)</i>						
Loans and advances to customers at amortized cost						
– Corporate loans	20,288.2	74.0	28,037.8	79.2	34,485.5	79.0
– Personal loans	5,610.4	20.5	5,712.7	16.1	5,012.6	11.5

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	As of December 31,					
	2020		2021		2022	
	% of		% of		% of	
	Amount	total	Amount	total	Amount	total
<i>(RMB in millions, except for percentages)</i>						
Loans and advances to customers at fair value through other comprehensive income						
– Discounted bills	770.5	2.8	432.3	1.2	304.0	0.7
– Rediscounted bills	744.8	2.7	1,249.9	3.5	3,864.4	8.8
Gross loans and advances to customers	<u>27,413.9</u>	<u>100.0</u>	<u>35,432.7</u>	<u>100.0</u>	<u>43,666.5</u>	<u>100.0</u>

During the Track Record Period, corporate loans were the largest component of our loan portfolio, representing 74.0%, 79.1% and 79.0% of our gross loans and advances to customers as of December 31, 2020, 2021 and 2022, respectively. As of December 31, 2022, the top five industries to which we extended corporate loans were (i) construction; (ii) wholesale and retail trade; (iii) manufacturing; (iv) renting and business activities; and (v) education, representing 23.1%, 21.3%, 10.7%, 9.2% and 7.9%, respectively, of our total corporate loans.

During the Track Record Period, a significant portion of our corporate loans were extended to small and micro enterprises. As of December 31, 2020, 2021 and 2022, our loans to small and micro enterprises accounted for 65.9%, 66.5% and 71.4%, respectively, of our total corporate loans.

During the Track Record Period, our personal loans represented 20.5%, 16.1% and 11.5% of our gross loans and advances to customers, respectively, as of December 31, 2020, 2021 and 2022, of which 51.0%, 50.6% and 42.8% were personal business loans.

For details of our loans and advances to customers, see “Assets and Liabilities – Assets – Loans and Advances to Customers.”

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Financial Investments

Our financial investments consist primarily of debt securities investment and SPV investment. Our SPV investment mainly comprises our investment through asset management plans and funds. The following table sets forth the components of our financial investments as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in millions, except for percentages)						
Debt securities investment	15,398.6	96.4	21,122.3	97.1	23,527.2	97.4
SPV investment						
– Asset management plans	578.9	3.6	559.4	2.6	406.9	1.7
– Funds	–	–	–	–	200.0	0.8
Other financial investments ⁽¹⁾	–	–	72.5	0.3	33.2	0.1
Net financial investments	15,977.5	100.0	21,754.2	100.0	24,167.3	100.0

Note:

(1) Primarily consist of debt financing instruments and [REDACTED] stocks.

See “Risk Factors - Risks Relating to Our Business – We are subject to risks relating to our financial investments, including potential losses or decreased returns that may affect our results of operations” for discussions on the risks relating to our SPV investments.

CASH FLOW

We had cash flows from operating activities before changes in operating assets and liabilities of RMB797.6 million, RMB766.3 million and RMB984.5 million in 2020, 2021 and 2022, respectively.

We had a net cash inflow from operating activities of RMB858.9 million in 2022, primarily attributable to our profit before income tax of RMB477.5 million, as adjusted by (i) a net increase of RMB11,051.1 million in customer deposits; (ii) a net increase of RMB881.1 million in borrowings from central bank; partially offset by (iii) a net increase of RMB8,345.1 million in loans and advances to customers; and (iv) a net increase of RMB2,709.6 million in other operating assets. For details of our cash flows, see “Financial Information – Cash Flows.”

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Selected Ratios

The following table sets forth our key financial indicators for the periods indicated:

	Years ended December 31,		
	2020	2021	2022
Return on average assets ⁽¹⁾	0.62%	0.52%	0.58%
Return on average equity ⁽²⁾	7.51%	4.72%	5.13%
Net interest spread ⁽³⁾	2.77%	2.46%	2.45%
Net interest margin ⁽⁴⁾	2.85%	2.56%	2.59%
Cost-to-income ratio ⁽⁵⁾	38.55%	36.27%	33.99%

Notes:

- (1) Calculated by dividing net profit for the period by the average balance of total assets at the beginning and the end of the period. Our return on average assets decreased from 0.62% in 2020 to 0.52% in 2021, primarily due to the increase in our registered capital in December 2021 leading to an increase in our total assets. See “History, Development and Corporate Structure – Our History – Changes in the Registered Capital and Material Shareholding Changes of Our Bank.”
- (2) Calculated by dividing net profit for the period by the average balance of total equity at the beginning and the end of the period. Our return on average equity decreased from 7.51% in 2020 to 4.72% in 2021, primarily due to the increase in our registered capital in December 2021 leading to an increase in our total equity. See “History, Development and Corporate Structure – Our History – Changes in the Registered Capital and Material Shareholding Changes of Our Bank.”
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of total interest-earning assets.
- (5) Calculated by dividing total operating expenses (excluding taxes and surcharges) by total operating income.

The following table sets forth certain regulatory indicators as of the dates indicated, calculated in accordance with requirements on the PRC banking regulatory authorities and applicable accounting standards:

	As of December 31,			Regulatory requirements
	2020	2021	2022	
Capital adequacy indicators				
Core tier-one capital adequacy ratio ⁽¹⁾	13.00%	15.26%	12.86%	≥7.5%
Tier-one capital adequacy ratio ⁽²⁾	13.06%	15.30%	12.89%	≥8.5%
Capital adequacy ratio ⁽³⁾	14.15%	16.47%	14.08%	≥10.5%
Asset quality indicators				
NPL ratio ⁽⁴⁾	2.65%	2.27%	1.77%	≤5%
Allowance coverage ratio ⁽⁵⁾	171.21%	198.35%	213.40%	≥150%
Allowance to gross loan ratio ⁽⁶⁾	4.53%	4.50%	3.78%	≥2.5%
Other indicators				
Loan to deposit ratio ⁽⁷⁾	65.81%	74.71%	75.02%	N/A

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Notes:

- (1) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (2) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (3) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (4) Calculated by dividing total NPLs by gross loans and advances to customers.
- (5) Calculated by dividing total ECL allowance of loans and advances to customers by total NPLs.
- (6) Calculated by dividing total ECL allowance of loans and advances to customers by gross loans and advances to customers.
- (7) Calculated by dividing gross loans and advances to customers by total customer deposits (excluding accrued interest).

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] is completed and [REDACTED] H Shares are newly issued in the [REDACTED], (ii) the [REDACTED] for the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
Market capitalization	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share ⁽¹⁾	RMB[REDACTED] ⁽²⁾ HK\$[REDACTED]	RMB[REDACTED] ⁽²⁾ HK\$[REDACTED]

Notes:

- (1) The amount of unaudited [REDACTED] adjusted net tangible assets per share is calculated in accordance with Rule 4.29 of the Listing Rules after the adjustments referred to in “Appendix III – Unaudited [REDACTED] Financial Information.”
- (2) The estimated net [REDACTED] from the [REDACTED] are translated into Renminbi at the rate of RMB0.91751 to HK\$1.00, the exchange rate set by the PBoC prevailing on June 21, 2023. No representation is made that the Hong Kong Dollar amounts have been, could have been or could be converted to Renminbi at that rate or at any other rate.

DIVIDEND

The determination of whether to pay dividends and the amount of such dividends is based on our results of operations, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board of Directors considers relevant. We currently do not have a predetermined dividend payout ratio. Pursuant to PRC laws and our Articles of Association, dividends may only be distributed from our distributable profits calculated in accordance with PRC GAAP or IFRS, whichever is lower.

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The payment of any dividends by us must also be approved at a shareholders’ general meeting. Any distributable profit that is not distributed in a given year is retained and available for distribution in subsequent years. However, generally we do not pay any dividends in a year in which we do not have any distributable profit in respect of that year.

In 2020, we distributed RMB65,014 thousand from retained earnings as share dividends and RMB16,500 thousand as cash dividends to shareholders. In 2022, we distributed RMB48,750 thousand from retained earnings as cash dividends to shareholders. As of the Latest Practicable Date, such dividends had been fully paid up.

Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form or size, dividends will be paid in the future. For further details on our Bank’s dividends, see “Financial Information – Dividends.”

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau and Yibin Nanxi District Finance Bureau directly held approximately 19.99%, 19.987%, 19.98% and 16.94% of our Shares, respectively. Immediately after the [REDACTED] and assuming that the [REDACTED] is not exercised, Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau and Yibin Nanxi District Finance Bureau will directly hold approximately [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% of our Shares, respectively (or approximately [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]%, respectively, assuming that the [REDACTED] is fully exercised). For details of our Substantial Shareholders, see “Substantial Shareholders.”

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the proposed [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED], we estimate that the net [REDACTED] of the [REDACTED] accruing to us (after deduction of [REDACTED] and estimated [REDACTED] payable by us in relation to the [REDACTED]) to be approximately HK\$[REDACTED] million, if the [REDACTED] is not exercised; or to be approximately HK\$[REDACTED] million, if the [REDACTED] is exercised in full. We intend to use the net [REDACTED] from the [REDACTED] (after deduction of [REDACTED] and estimated [REDACTED] payable by us in relation to the [REDACTED]) to strengthen our capital base to support the ongoing growth of our business. For details on our proposed use of [REDACTED] from the [REDACTED], see “Future Plans and Use of [REDACTED].”

SUMMARY

RISK FACTORS

There are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. For details of these risks, see “Risk Factors.” Some of the major risks we face include: (i) If we are unable to effectively maintain and improve the quality and growth of our loan portfolio, our business, financial condition and results of operations may be materially and adversely affected; (ii) We generated a substantial portion of our operating income from Yibin. As such, we face uncertainties associated with local economic growth and changes in local government policies and measures; (iii) We face increasingly intensive competition in China’s banking industry; (iv) Our historical results of operations may not be indicative of our future performance; (v) The collateral or guarantees securing our loans to customers may not be sufficient or fully realizable; (vi) We are exposed to risks arising from loans granted to small and micro enterprises and individual business owners; (vii) If we fail to fully comply with various regulatory requirements applicable to us, our reputation could be harmed and our business, financial condition and results of operation could be materially and adversely affected; (viii) We may be involved in legal and other disputes from time to time arising out of our operations; (ix) Issues related to land use rights and building ownership may adversely affect our right to occupy and use certain properties; and (x) We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and may be exposed to risks relating to our management of the financial data of customers enrolled in our business and other personal or sensitive information.

RECENT DEVELOPMENTS

Our business and financial performance remained relatively stable since December 31, 2022 and up to the Latest Practicable Date. On March 7, 2023, China’s national legislature approved a plan on reforming the institutions of the State Council. The State Council announced that it would abolish the former CBIRC and move its responsibilities to a national financial regulator called The National Administration of Financial Regulation (“NAFR”). Certain functions of the PBoC and the CSRC will be transferred to the NAFR as well. The NAFR, directly under the State Council, is formed on the basis of the former CBIRC. Apart from taking over the commission’s responsibility of supervising banking and insurance institutions, the NAFR would also supervise financial holding companies and other financial conglomerates, which is now a duty of the PBoC. The NAFR was formally set up in May 2023.

On March 27, 2023, the PBoC lowered the statutory deposit reserve ratio by 25 basis points for all deposit-taking financial institutions, which lowered banks’ funding costs and increased their liquidity. In addition, in terms of LPR regulations, the PBoC also adjusted its key lending benchmarks on June 20, 2023. Specifically, the one-year LPR and the five-year LPR were reduced by 10 basis points to 3.55% and 4.20%, respectively.

We have confirmed that, since December 31, 2022 and up to the date of this Document, there has been no material adverse change in our financial or trading position.

SUMMARY

[REDACTED] EXPENSES

We expect to incur [REDACTED] expenses (contract amount) of approximately RMB[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range as stated in this Document, and assuming the [REDACTED] is not exercised) representing professional fees, [REDACTED] and fees incurred in connection with the [REDACTED] and the [REDACTED]. None of the [REDACTED] expenses were reflected in our consolidated statements of financial position or consolidated statements of comprehensive income during the Track Record Period. [REDACTED] expenses (value-added tax excluded) of approximately RMB[REDACTED] are expected to be incurred after December 31, 2022, of which RMB[REDACTED] is expected to be charged to our consolidated statement of comprehensive income and RMB[REDACTED] is expected to be accounted for as a deduction from equity. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations for the year ending December 31, 2023.