

# IMPORTANT NOTICE

## NOT FOR DISTRIBUTION INTO THE UNITED STATES

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

### **Confirmation of Your Representation:**

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular) and the Issuer (as defined in the Offering Circular) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer or the Joint Lead Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, Joint Lead Managers, the Trustee (as defined in the Offering Circular) or the Agents (as defined in the Offering Circular) or any of their respective directors, officers, employees, agents, representatives, officers or affiliates or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

**You are responsible for protecting against viruses and other destructive items.** Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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

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

# CHONGQING HECHUAN CITY CONSTRUCTION INVESTMENT (GROUP) CO., LTD.

(重慶市合川城市建設投資(集團)有限公司)

(incorporated with limited liability in the PRC)

**U.S.\$ 207,000,000 6.0 PER CENT. BONDS DUE 2025**

**ISSUE PRICE: 100.0 PER CENT.**

The U.S.\$ 207,000,000 6.0 per cent. bonds due 2025 (the “**Bonds**”) will be issued by Chongqing Hechuan City Construction Investment (Group) Co., Ltd. (重慶市合川城市建設投資(集團)有限公司) (the “**Issuer**”), a company incorporated in the People’s Republic of China (the “**PRC**”) with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 31 May 2022 at the rate of 6.0 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear in equal instalments on 31 May and 30 November in each year, subject to Condition 5 (*Interest*) of the terms and conditions of the Bonds (the “**Terms and Conditions**”). Payments on the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under Condition 8 (*Taxation*) of the Terms and Conditions.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer shall undertake that it will (i) within the prescribed time period after 31 May 2022 (the “**Issue Date**”), submit or cause to be submitted an application for the registration of the Bonds with the local counterpart of the State Administration of Foreign Exchange (“**SAFE**”) pursuant to the Circular of the State Administration of Foreign Exchange on Promulgation of the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as at 13 May 2013 and amended on 4 May 2015, and related operating guidelines issued by SAFE and the Circular of the People’s Bank of China Relating to the Macro-Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE) from SAFE on or before the Registration Deadline (being 90 Registration Business Days after the Issue Date), and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to any implementing measures promulgated thereunder from time to time.

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC (the “**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 9 February 2022, evidencing such registration, which at the date of this Offering Circular remains valid and in full force and effect. The Issuer will undertake that it will within the prescribed time period after the Issue Date report or cause to be reported to the NDRC the requisite information and documents in accordance with the NDRC Circular and any implementation rules as issued by the NDRC from time to time.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 31 May 2025 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (as defined in the Terms and Conditions) (which notice shall be irrevocable) and in writing to the Trustee and Principal Paying Agent, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to a decision of a court of competent jurisdiction), which change or amendment becomes effective on or after 24 May 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of any Bonds (each a “**Bondholder**”) will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of such Bondholder’s Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with interest accrued to but excluding such Put Settlement Date. See Condition 6 (*Redemption and Purchase*) of the Terms and Conditions.

For a more detailed description of the Bonds, see the Terms and Conditions of the Bonds beginning on page 43. The Bonds will be issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

**Investing in the Bonds involves risks. See “Risk Factors” beginning on page 12 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

**The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “Subscription and Sale”.**

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Group (as defined herein) or the Bonds.

The Bonds will be represented initially by interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

## *Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners*

**China International Capital Corporation**

**Zhongtai International**

### *Joint Lead Managers and Joint Bookrunners*

**China Zheshang Bank  
Co., Ltd.  
(Hong Kong Branch)**

**Industrial Bank  
Co., Ltd.  
Hong Kong Branch**

**China Galaxy  
International**

**Haitong Bank**

**Guoyuan Securities  
(Hong Kong)**

**Haitong  
International**

**Guotai Junan  
International**

Offering Circular dated 24 May 2022

## NOTICE TO INVESTORS

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

Listing of the Bonds on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively the “**Group**”) and the Bonds which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and the information which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Bonds); (ii) the statements relating to the Issuer and the Group contained in the Offering Circular relating to the Issuer and the Group are, true and accurate in all material respects and not misleading; (iii) the opinions and intentions expressed in the Offering Circular with regard to the Issuer and the Group are, honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in the Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in the Offering Circular; and (vi) the Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China International Capital Corporation Hong Kong Securities Limited, Zhongtai International Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Industrial Bank Co., Ltd. Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, Haitong Bank, Macau Branch, Guoyuan Securities Brokerage (Hong Kong) Limited, Haitong International Securities Company Limited and Guotai Junan Securities (Hong Kong) Limited (the “**Joint Lead Managers**”) or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and Macau and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is

personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them or on their behalf in connection with the Issuer or the

issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, agents, representatives and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them.

**IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING AS STABILISING MANAGER (THE “STABILISING MANAGER”) OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISING MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER AND ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, BY THE STABILISING MANAGER OR, AS THE CASE MAY BE, THE JOINT LEAD MANAGERS IN THE MANNER AGREED BY THEM. SUCH STABILISATION SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

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

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

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

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

### **Industry and Market Data**

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

### **Presentation of Financial Information**

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 31 December 2021 (the “**Audited Financial Statements**”), included elsewhere in this Offering Circular.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by Zhongshenzhonghuan Certified Public Accountants LLP (“**ZSZH**”), the independent auditors of the Issuer.

The Issuer has not prepared the Audited Financial Statements in accordance with International Financial Reporting Standards (“**IFRS**”). As advised by ZSZH, PRC GAAP is substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS which may be relevant to the financial information of the Group included herein. For a summary of certain differences, see “*Summary of Certain Differences between PRC GAAP and IFRS*”.

In 2021, the MOF promulgated certain new accounting standards and requirements in relation to financial instruments, leases and revenue recognition (the “**2021 New Accounting Standards and Requirements**”). The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 were prepared and presented in accordance with the 2021 New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods. For details of the 2021 New Accounting Standards and Requirements and its impact on the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021, please see “*Notes to the Financial*”.

*Statements — IV Significant accounting policies and accounting estimates — 30. Changes in significant accounting policies and accounting estimates” of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. See also “Risk Factors — Risks Relating to the Group’s Business — The presentation of certain accounting items in the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods.”*

The Offering Circular includes figures relating to EBITDA, and EBITDA Margin. None of EBITDA or EBITDA Margin is a standard measure under PRC GAAP or IFRS. EBITDA and EBITDA Margin are widely used financial indicators of a company’s ability to service and incur debt. None of EBITDA or EBITDA Margin should be considered in isolation or construed as an alternative to cash flow, net income or any other measure of performance or as an indicator of the Issuer’s operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA and EBITDA Margin, the Issuer believes that investors should consider, among other things, the components of EBITDA and EBITDA Margin and the amount by which EBITDA and EBITDA Margin exceeds capital expenditures and other charges. The Issuer has included EBITDA and EBITDA Margin because it believes that it is a useful supplement to the cash flow data as a measure of the Issuer’s performance and its ability to generate cash flows from operations to cover debt service and taxes. EBITDA and EBITDA Margin presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer’s EBITDA and EBITDA Margin to those presented by other companies because not all companies use the same definitions.

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all. This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.3726 to U.S.\$1.00 (the noon buying rate in New York City on 30 December 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in “*Exchange Rates*” in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or vice versa.

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

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

- “**GDP**” refers to gross domestic product;
- “**MOF**” refers to the Ministry of Finance of the PRC;
- “**Mu**” refers to a unit to measure size of land, 1 Mu equals to 666.7 square meters;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “**PBOC**” refers to the People’s Bank of China, the central bank of PRC;
- the “**PRC government**” refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “**sq.m.**” refers to square meters; and
- “**State Council**” refers to the State Council of the PRC.

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

## FORWARD-LOOKING STATEMENTS

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

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

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

- the Group’s ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group’s capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- changes in the global economic conditions; and
- other factors, including those discussed in “*Risk Factors*”.

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

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## SUMMARY

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

### OVERVIEW

The Group is a state-owned enterprise located in the Hechuan District of Chongqing. The Group primarily focuses on project development and construction and the administration of state-owned assets within the Hechuan District. The Group’s main business segments include (i) land consolidation, development and resettlement and (ii) urban infrastructure construction. The Group also derives revenue from businesses such as water supply and sewage treatment and gravel mining. Prior to the 2021 Equity Transfer (as defined below), the Group also operated a merchandise sales business.

The Group is the sole management and operation platform authorised by the Chongqing Hechuan District Government for undertaking land consolidation, development and resettlement works, urban infrastructure construction (including social security housing), water supply and sewage treatment, and gravel mining in the Hechuan District. The Group and its subsidiaries are entrusted by relevant local authorities to engage in the development of industrial parks and the construction of urban infrastructure and water conservation projects according to the overall plan of the Chongqing Hechuan District Government. As such, the Group is an important entity engaged in land consolidation in the Chongqing Hechuan District.

As at the date of this Offering Circular, the registered capital of the Group is RMB5 billion. The Group is directly owned by the Hechuan SAMC (being the governmental entity responsible for managing state-owned assets in the Hechuan District) and China Development Bank Development Fund Co., Ltd (“**CDB Development Fund**”), which have a 98.3904% and 1.6096% shareholding in the Group, respectively.

### COMPETITIVE STRENGTHS

The Group believes that its success and prospects are primarily attributable to the following competitive strengths:

- Well-positioned to leverage on the geostrategic significance of Chongqing and the Hechuan District
- Abundance of saleable land at its disposal
- Strong support from the controlling shareholder
- Dominant market position in its core business segments
- Diversified funding sources
- Experienced and professional management team with a comprehensive corporate governance structure and risk management system

### STRATEGIES

The Group aims to strengthen its advantageous position by implementing the following strategies:

- Focus on strengthening and developing its core business segments
- Improve its financing capabilities and explore new business opportunities

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021 set forth below is derived from and should be read in conjunction with the Audited Financial Statements, including the notes thereto and the auditor's reports in respect of the years ended 31 December 2020 and 31 December 2021 included elsewhere in this Offering Circular. The Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by ZSZH.

In 2021, the MOF promulgated the 2021 New Accounting Standards and Requirements. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 were prepared and presented in accordance with the 2021 New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods. For details of the 2021 New Accounting Standards and Requirements and its impact on the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021, please see "*Notes to the Financial Statements — IV Significant accounting policies and accounting estimates — 30. Changes in significant accounting policies and accounting estimates*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. See also "*Risk Factors — Risks Relating to the Group's Business — The presentation of certain accounting items in the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods.*"

Please see "*Notes to the Financial Statements — VI Notes to the consolidated financial statements*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 for an analysis of the impact of the 2021 Equity Transfer (as defined below) on the Group's financial position as at and for the year ended 31 December 2021.

PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the material differences, see "*Summary of Certain Differences between PRC GAAP and IFRS*".

## CONSOLIDATED BALANCE SHEET

|   | As at 31 December         |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
|   | 2019                      | 2020 <sup>(1)</sup>       | 2021                      |
|   | (RMB)<br>(audited)        | (RMB)<br>(audited)        | (RMB)<br>(audited)        |
| <b>Current assets:</b>                              |                           |                           |                           |
| Cash and cash equivalents . . . . .                 | 6,074,854,900.48          | 6,129,392,338.00          | 4,324,688,696.98          |
| Notes receivable . . . . .                          | 13,421,202.00             | 6,385,458.20              | –                         |
| Accounts receivable . . . . .                       | 21,145,197,667.67         | 25,060,463,603.08         | 27,288,140,143.24         |
| Prepayment . . . . .                                | 1,393,063,288.93          | 784,596,586.90            | 430,056,166.51            |
| Other receivables . . . . .                         | 8,137,344,383.26          | 10,282,669,262.83         | 11,844,010,483.41         |
| Inventory . . . . .                                 | 33,099,592,114.97         | 38,380,759,850.41         | 38,267,336,982.24         |
| Other current assets . . . . .                      | 103,342,151.86            | 265,873,132.26            | 217,159,726.44            |
| <b>Total current assets . . . . .</b>               | <b>69,966,815,709.17</b>  | <b>80,910,140,231.68</b>  | <b>82,371,392,198.82</b>  |
| <b>Non-current assets:</b>                          |                           |                           |                           |
| Debt investment . . . . .                           | –                         | –                         | 2,305,968.52              |
| Available-for-sale financial assets . . . . .       | 746,402,849.01            | 311,030,849.01            | –                         |
| Long-term receivables . . . . .                     | 714,580,000.00            | 714,580,000.00            | 713,150,000.00            |
| Long-term equity investment . . . . .               | 2,116,692,643.71          | 760,242,739.99            | 2,202,660,660.42          |
| Other equity instrument investments . . . . .       | –                         | –                         | 221,573,420.15            |
| Other non-current financial assets . . . . .        | –                         | –                         | 131,203,548.21            |
| Investment property . . . . .                       | 2,674,232,718.95          | 3,128,958,521.07          | 3,200,467,483.03          |
| Fixed assets . . . . .                              | 251,278,738.59            | 297,434,785.54            | 917,748,655.68            |
| Construction in progress . . . . .                  | 2,106,621,866.17          | 2,424,440,688.77          | 3,131,190,903.40          |
| Right-of-use assets . . . . .                       | –                         | –                         | 27,512.21                 |
| Intangible assets . . . . .                         | 1,006,977,111.52          | 1,406,239,703.95          | 1,392,751,113.89          |
| Goodwill . . . . .                                  | 23,196,611.24             | 23,151,100.00             | 23,151,100.00             |
| Long-term deferred expenses . . . . .               | 1,292,726.19              | 738,116.49                | 412,274.07                |
| Deferred tax assets . . . . .                       | 35,481,554.78             | 29,446,046.25             | 63,902,211.26             |
| Other non-current assets . . . . .                  | 23,245,227,418.58         | 24,203,075,065.14         | 26,116,740,037.22         |
| <b>Total non-current assets . . . . .</b>           | <b>32,921,984,238.74</b>  | <b>33,299,337,616.21</b>  | <b>38,117,284,888.06</b>  |
| <b>Total assets . . . . .</b>                       | <b>102,888,799,947.91</b> | <b>114,209,477,847.89</b> | <b>120,488,677,086.88</b> |
| <b>Current liabilities:</b>                         |                           |                           |                           |
| Short-term borrowings . . . . .                     | 680,000,000.00            | 1,385,800,000.00          | 813,965,902.78            |
| Notes payable . . . . .                             | 268,273,800.00            | 50,000,000.00             | –                         |
| Accounts payable . . . . .                          | 1,146,695,469.43          | 1,195,089,659.48          | 981,428,923.09            |
| Advance from customers . . . . .                    | 320,048,074.45            | 359,760,624.01            | 5,401,480.11              |
| Contract liabilities . . . . .                      | –                         | –                         | 116,923,850.22            |
| Payroll payable . . . . .                           | 2,974,572.77              | 1,771,371.97              | 2,416,478.19              |
| Taxes and surcharges payable . . . . .              | 890,007,123.10            | 926,258,385.53            | 874,371,696.00            |
| Other payables . . . . .                            | 3,634,570,445.00          | 4,176,995,091.58          | 2,443,224,431.22          |
| Non-current liabilities due within 1 year . . . . . | 11,607,584,600.86         | 14,967,521,539.02         | 14,478,081,682.78         |
| Other current liabilities . . . . .                 | –                         | 4,365,325,423.94          | 5,191,646,430.50          |
| <b>Total current liabilities . . . . .</b>          | <b>18,550,154,085.61</b>  | <b>27,428,522,095.53</b>  | <b>24,907,460,874.89</b>  |
| <b>Non-current liabilities:</b>                     |                           |                           |                           |
| Long-term borrowings . . . . .                      | 15,875,558,000.00         | 14,699,965,980.00         | 17,877,879,146.08         |
| Bonds payable . . . . .                             | 18,923,344,517.93         | 22,625,446,487.95         | 26,611,395,719.98         |
| Long-term payables . . . . .                        | 10,031,584,380.35         | 8,523,747,146.02          | 8,580,927,076.77          |
| Accrued liabilities . . . . .                       | –                         | –                         | 206,234,436.51            |
| Deferred income . . . . .                           | 22,649,750.00             | 24,449,750.00             | 24,449,750.00             |
| Deferred tax liabilities . . . . .                  | –                         | –                         | 1,987,827.50              |
| Other non-current liabilities . . . . .             | –                         | –                         | 75,057,295.58             |
| <b>Total non-current liabilities . . . . .</b>      | <b>44,853,136,648.28</b>  | <b>45,873,609,363.97</b>  | <b>53,377,931,252.42</b>  |
| <b>Total liabilities . . . . .</b>                  | <b>63,403,290,733.89</b>  | <b>73,302,131,459.50</b>  | <b>78,285,392,127.31</b>  |

|   | As at 31 December  |                     |                    |
|---|--------------------|---------------------|--------------------|
|   | 2019               | 2020 <sup>(1)</sup> | 2021               |
|   | (RMB)<br>(audited) | (RMB)<br>(audited)  | (RMB)<br>(audited) |
| Owner's equity:   |                    |                     |                    |
| Paid-in capital . . . . .   | 4,910,000,000.00   | 4,919,520,000.00    | 4,919,520,000.00   |
| Capital reserve . . . . .   | 28,665,317,571.76  | 29,216,129,772.68   | 30,177,238,819.67  |
| Other comprehensive income . . . . .                                | 19,546.07          | 20,336.94           | 7,164,904.55       |
| Special reserves . . . . .  | –                  | –                   | 27,070.68          |
| Surplus reserve . . . . .   | 439,478,485.38     | 467,939,518.45      | 491,127,432.26     |
| Retained earnings . . . . .   | 4,830,528,470.18   | 5,201,713,313.41    | 5,552,665,411.25   |
| Total equity attributable to owners of the parent company . . . . . | 38,845,344,073.39  | 39,805,322,941.48   | 41,147,743,638.41  |
| Minority interests . . . . .  | 640,165,140.63     | 1,102,023,446.91    | 1,055,541,321.16   |
| Total owners' equity . . . . .                                      | 39,485,509,214.02  | 40,907,346,388.39   | 42,203,284,959.57  |
| Total liabilities & Owners' equity . . . . .                        | 102,888,799,947.91 | 114,209,477,847.89  | 120,488,677,086.88 |

*Note:*

- (1) The summary consolidated financial information of the Issuer as at and for the year ended 31 December 2020 is derived from the Issuer's audited consolidated financial statements for the year ended 31 December 2021.

## CONSOLIDATED INCOME STATEMENT

|   | Year ended 31 December |                     |                    |
|---|------------------------|---------------------|--------------------|
|   | 2019                   | 2020 <sup>(1)</sup> | 2021               |
|   | (RMB)<br>(audited)     | (RMB)<br>(audited)  | (RMB)<br>(audited) |
| I. Total operating revenues . . . . .   | 6,777,865,187.80       | 6,595,206,588.11    | 5,066,023,205.44   |
| Including: Operating revenues . . . . .   | 6,777,865,187.80       | 6,595,206,588.11    | 5,066,023,205.44   |
| II. Total operating costs . . . . .   | 6,092,553,447.64       | 6,104,548,592.57    | 4,679,408,841.68   |
| Including: Operating costs . . . . .  | 5,412,585,375.80       | 5,836,852,452.18    | 4,153,394,397.83   |
| Taxes and surcharges . . . . .  | 171,257,021.77         | 101,038,152.62      | 90,952,126.36      |
| Selling expenses . . . . .  | 2,298,738.82           | 4,012,700.72        | 5,960,042.38       |
| Administrative expenses . . . . .   | 100,752,018.26         | 112,614,173.30      | 125,156,309.36     |
| Financial costs . . . . .   | 405,660,302.99         | 50,031,113.75       | 303,945,965.75     |
| Add: Other income . . . . .   | 173,069,883.21         | 237,520,949.58      | 429,778,416.52     |
| Investment income (“-” means loss) . . . . .                                      | 43,738,390.75          | 6,518,567.61        | 43,105,510.21      |
| Including: income from investment in associates and<br>joint ventures . . . . .   | 2,291,227.99           | -2,865,138.25       | 34,897,987.58      |
| Credit impairment loss (“-” means loss) . . . . .                                 | -                      | -                   | -153,154,196.18    |
| Impairment loss on assets (“-” means loss) . . . . .                              | -77,703,320.57         | 29,822,924.53       | -18,255,521.01     |
| Gains from disposal of assets (“-” means loss) . . . . .                          | -5,129,545.69          | 26,276,733.42       | -5,597,742.73      |
| III. Operating profit (“-” means loss) . . . . .                                  | 819,287,147.86         | 790,797,170.68      | 682,490,830.57     |
| Add: Non-operating income . . . . .   | 21,557,329.45          | 4,130,202.42        | 2,519,883.21       |
| Less: Non-operating expenses . . . . .  | 24,107,691.89          | 5,341,443.87        | 22,780,535.65      |
| IV. Total profit (“-” means losses) . . . . .                                     | 816,736,785.42         | 789,585,929.23      | 662,230,178.13     |
| Less: Income tax expenses . . . . .   | 142,874,767.14         | 119,711,350.63      | 94,190,547.08      |
| V. Net profit (“-” means net loss) . . . . .                                      | 673,862,018.28         | 669,874,578.60      | 568,039,631.05     |
| (I) Classification in accordance with going concern                               |                        |                     |                    |
| 1. Net profit from continuing operations<br>(“-” means net loss) . . . . .        | 673,862,018.28         | 669,874,578.60      | 568,039,631.05     |
| 2. Net profit from discontinued operations<br>(“-” means net loss) . . . . .      | -                      | -                   | -                  |
| (II) Classification in accordance with attribution                                |                        |                     |                    |
| 1. Attributable to owners of the parent company<br>(“-” means net loss) . . . . . | 668,727,353.98         | 665,247,573.36      | 586,852,647.44     |
| 2. Minority interest (“-” means net loss) . . . . .                               | 5,134,664.30           | 4,627,005.24        | -18,813,016.39     |
| VI. Other comprehensive income after tax . . . . .                                | 19,546.07              | 790.87              | -8,686,239.89      |
| (I) Attributable to owners of the parent company . . . . .                        | 19,546.07              | 790.87              | -8,686,239.89      |
| (II) Attributable to minority shareholders . . . . .                              | -                      | -                   | -                  |
| VII. Total comprehensive income . . . . .   | 673,881,564.35         | 669,875,369.47      | 559,353,391.16     |
| (I) Attributable to owners of the parent company . . . . .                        | 668,746,900.05         | 665,248,364.23      | 578,166,407.55     |
| (II) Attributable to minority shareholders . . . . .                              | 5,134,664.30           | 4,627,005.24        | -18,813,016.39     |

*Note:*

(1) The summary consolidated financial information of the Issuer as at and for the year ended 31 December 2020 is derived from the Issuer’s audited consolidated financial statements for the year ended 31 December 2021.

## CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Year ended 31 December |                     |                    |
|--|------------------------|---------------------|--------------------|
|  | 2019                   | 2020 <sup>(1)</sup> | 2021               |
|  | (RMB)<br>(audited)     | (RMB)<br>(audited)  | (RMB)<br>(audited) |
| <b>I. Cash flows from operating activities:</b>  |                        |                     |                    |
| Cash received from sales and services . . . . .  | 2,465,547,025.64       | 2,611,830,832.49    | 2,270,042,759.19   |
| Tax refunds . . . . .  | 2,545,804.34           | 2,072,567.33        | 32,594.12          |
| Other cash receipts relating to operating activities . . . . .   | 9,004,914,924.92       | 9,973,762,258.42    | 8,841,701,350.16   |
| Sub-total cash inflows from operating activities . . . . .   | 11,473,007,754.90      | 12,587,665,658.24   | 11,111,776,703.47  |
| Cash paid for goods and services . . . . .   | 3,907,459,137.20       | 5,539,238,032.52    | 1,966,169,759.52   |
| Cash paid to and on behalf of employees . . . . .  | 75,864,654.70          | 67,285,089.87       | 95,175,489.98      |
| Payment of taxes and surcharges . . . . .  | 484,502,917.11         | 421,995,363.29      | 358,590,807.14     |
| Other cash payments relating to operating activities . . . . .   | 6,828,951,620.01       | 7,914,164,981.12    | 8,601,266,481.58   |
| Sub-total cash outflows from operating activities . . . . .  | 11,296,778,329.02      | 13,942,683,466.80   | 11,021,202,538.22  |
| Net cash flows from operating activities . . . . .   | 176,229,425.88         | -1,355,017,808.56   | 90,574,165.25      |
| <b>II. Cash flows from investing activities:</b>   |                        |                     |                    |
| Cash receipts from withdraw of investments . . . . .   | –                      | 352,017,700.12      | 114,165,000.00     |
| Cash received from investment income . . . . .   | 28,766,719.55          | 338,404.58          | 151,707.34         |
| Net cash received from disposal of fixed assets, intangible<br>assets and other long-term assets . . . . . | –                      | 14,450,995.70       | 3,070,500.00       |
| Net cash received from disposal of subsidiaries and other<br>business units . . . . .                      | 1,500,000.00           | –                   | –                  |
| Other cash receipts relating to investing activities . . . . .   | 403,999,789.72         | 391,948,313.78      | 22,968,098.97      |
| Sub-total cash inflows from investing activities . . . . .   | 434,266,509.27         | 758,755,411.18      | 140,355,306.31     |
| Cash paid for fixed assets, intangible assets and other<br>long-term assets . . . . .                      | 2,239,342,397.45       | 2,543,997,442.70    | 4,622,273,622.30   |
| Cash payments for investments . . . . .  | 335,303,352.00         | 701,946,403.25      | 357,803,000.00     |
| Net cash paid for acquiring subsidiaries and other business<br>units . . . . .                             | 35,455,462.31          | –                   | –                  |
| Other cash payments relating to investing activities . . . . .   | 1,334,272,656.96       | 1,312,898,516.75    | 1,701,821,019.98   |
| Sub-total cash outflows from investing activities . . . . .  | 3,944,373,868.72       | 4,558,842,362.70    | 6,681,897,642.28   |
| Net cash flows from investing activities . . . . .   | -3,510,107,359.45      | -3,800,086,951.52   | -6,541,542,335.97  |
| <b>III. Cash flows from financing activities:</b>  |                        |                     |                    |
| Cash proceeds from investments by others . . . . .   | 267,630,000.00         | 578,090,043.63      | 369,235,774.00     |
| Including: Cash received by subsidiaries from minority<br>shareholders' investments . . . . .              | –                      | –                   | –                  |
| Cash received from borrowings . . . . .  | 20,319,189,812.25      | 23,613,689,550.00   | 25,600,314,519.25  |
| Other cash receipts relating to financing activities . . . . .   | 665,360,000.00         | 647,266,365.96      | 3,310,368,467.31   |
| Sub-total cash inflows from financing activities . . . . .   | 21,252,179,812.25      | 24,839,045,959.59   | 29,279,918,760.56  |
| Cash repayments for debts . . . . .  | 12,122,202,257.83      | 12,881,668,720.00   | 19,718,691,481.86  |
| Cash payments for distribution of dividends, profit and<br>interest expenses . . . . .                     | 2,787,195,439.12       | 3,359,412,355.48    | 3,611,377,676.89   |
| Including: Dividends or profit paid by subsidiaries to minority<br>shareholders . . . . .                  | –                      | –                   | –                  |
| Other cash payments relating to financing activities . . . . .   | 2,009,555,829.53       | 2,807,319,125.46    | 1,497,472,053.42   |
| Sub-total cash outflows from financing activities . . . . .  | 16,918,953,526.48      | 19,048,400,200.94   | 24,827,541,212.17  |
| Net cash flows from financing activities . . . . .   | 4,333,226,285.77       | 5,790,645,758.65    | 4,452,377,548.39   |
| <b>IV. Effect of foreign exchange rate changes on cash and cash<br/>equivalents . . . . .</b>              | 3,174.35               | -11,298.38          | -4,031.86          |
| <b>V. Net increase in cash and cash equivalents . . . . .</b>  | 999,351,526.55         | 635,529,700.19      | -1,998,594,654.19  |
| Add: Opening balance of cash and cash equivalents . . . . .  | 4,365,852,266.92       | 5,365,203,793.47    | 6,000,733,493.66   |
| <b>VI. Closing balance of cash and cash equivalents . . . . .</b>  | 5,365,203,793.47       | 6,000,733,493.66    | 4,002,138,839.47   |

Note:

- (1) The summary consolidated financial information of the Issuer as at and for the year ended 31 December 2020 is derived from the Issuer's audited consolidated financial statements for the year ended 31 December 2021.

## SELECTED FINANCIAL DATA

|  | Year ended 31 December |                  |                  |
|--|------------------------|------------------|------------------|
|  | 2019                   | 2020             | 2021             |
|  | (RMB)                  | (RMB)            | (RMB)            |
| EBITDA <sup>(1)</sup>  | 1,405,339,920.01       | 1,197,256,773.42 | 1,306,517,874.96 |
| EBITDA Margin <sup>(2)</sup>                                 | 20.73%                 | 19.32%           | 25.79%           |
| Total indebtedness/EBITDA <sup>(3)</sup>                     | 35.69                  | 49.99            | 51.53            |
| Total current indebtedness/Total indebtedness <sup>(4)</sup> | 24.50%                 | 34.29%           | 28.85%           |
| EBITDA/Interest expense <sup>(5)</sup>                       | 3.05                   | 4.18             | 2.77             |

### Notes:

- (1) EBITDA equals, for the relevant year or period, net profit plus income tax expenses, interest expenses under financial costs, depreciation of fixed assets, depreciation of investment property, amortisation of intangible assets and amortisation of long-term deferred expenses. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flow, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Issuer believes that investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Issuer's performance and its ability to generate cash flows from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer's EBITDA to those presented by other companies because not all companies use the same definitions.
- (2) EBITDA margin is calculated by dividing EBITDA by total revenue.
- (3) Total indebtedness/EBITDA is calculated by dividing total indebtedness by EBITDA.
- (4) Total current indebtedness/Total indebtedness is calculated by dividing total current indebtedness by total indebtedness.
- (5) EBITDA/Interest expense is calculated by dividing EBITDA by total interest expense.

## THE OFFERING

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

|                                      |   |
|--------------------------------------|---|
| <b>Issuer</b> .....                  | Chongqing Hechuan City Construction Investment (Group) Co., Ltd. (重慶市合川城市建設投資(集團)有限公司).   |
| <b>Legal Entity Identifier</b> ..... | 3003003OYGUWO2VHKI55.   |
| <b>The Bonds</b> .....               | U.S.\$207,000,000 6.0 per cent. bonds due 2025.   |
| <b>Issue Price</b> .....             | The Bonds will be issued at 100.0 per cent. of their principal amount.  |
| <b>Form and Denomination</b> .....   | The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.   |
| <b>Issue Date</b> .....              | 31 May 2022.  |
| <b>Interest</b> .....                | The Bonds will bear interest on their outstanding principal amount from and including 31 May 2022 at the rate of 6.0 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$30.0 per Calculation Amount (as defined in the Terms and Conditions) on 31 May and 30 November in each year, commencing on 30 November 2022.  |
| <b>Maturity Date</b> .....           | 31 May 2025.  |
| <b>Status of the Bonds</b> .....     | The Bonds will constitute direct, general, unconditional and (subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. |
| <b>Negative Pledge</b> .....         | The Bonds will contain a negative pledge provision as further described in Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions.   |

|                                    |   |
|------------------------------------|---|
| <b>Use of Proceeds</b> . . . . .   | The net proceeds of the issue of the Bonds will be used for general corporate purposes. See “ <i>Use of Proceeds</i> ”.   |
| <b>Events of Default</b> . . . . . | The Bonds will contain certain events of default as further described in Condition 9 ( <i>Events of Default</i> ) of the Terms and Conditions.  |
| <b>Cross-Default</b> . . . . .     | The Bonds will be subject to a cross-default provision in respect of present or future indebtedness for or in respect of monies borrowed or any guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries in aggregate equals or exceeds U.S.\$40,000,000 or its equivalent. See Condition 9(c) ( <i>Cross-Default</i> ) of the Terms and Conditions.  |
| <b>Taxation</b> . . . . .          | All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. |
|                                    | Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 24 May 2022 (the “ <b>Applicable Rate</b> ”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.  |
|                                    | In the event that the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the “ <b>Additional Tax Amounts</b> ”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 ( <i>Taxation</i> ) of the Terms and Conditions.                 |
|                                    | If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in the Terms and Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.  |
| <b>Final Redemption</b> . . . . .  | Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.  |

**Redemption for Relevant Events .** Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with interest accrued to but excluding the Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.

**Redemption for Taxation**  
**Reasons . . . . .** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their principal amount, together with any interest accrued to but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision of a court of competent jurisdiction), which change or amendment becomes effective on or after 24 May 2022; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Bonds were then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

**Further Issues . . . . .** The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in the Terms and Conditions in relation to the Registration Condition and for the making of the Foreign Debt Registration, the NDRC Post-issue Reporting and (if applicable) the filing of the Bonds under the Foreign Debt Registration) and so that the same shall be consolidated and form a single series with the Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.

|   |   |
|---|---|
| <b>Trustee</b> . . . . .  | China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).  |
| <b>Principal Paying Agent,<br/>Registrar and Transfer Agent</b> . . . . . | China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).  |
| <b>Clearing Systems</b> . . . . .   | The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.   |
| <b>Clearance and Settlement</b> . . . . .                                 | The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 247015477 and an ISIN XS2470154779.   |
| <b>Notices</b> . . . . .  | So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to such clearing system.  |
| <b>Governing Law</b> . . . . .  | English law.  |
| <b>Jurisdiction</b> . . . . .   | Exclusive jurisdiction of the Hong Kong courts.   |
| <b>Listing</b> . . . . .  | Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of U.S.\$200,000.<br><br>Admission to the listing of the Bonds on the SGX-ST shall not be taken as an indication of the merits of the Issuer, the Group or the Bonds. |
| <b>Selling Restrictions</b> . . . . .                                     | The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.   |

## RISK FACTORS

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

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

### **RISKS RELATING TO THE GROUP'S BUSINESS**

***The Group's business, financial condition and results of operations are dependent on the level of economic activity in Chongqing and the Hechuan District as well as the PRC.***

Chongqing is the only municipality under the direct administration of the central PRC government in Western China and is key to the PRC's "Western Development Strategy". The Group's businesses and assets are located in the Hechuan District in Chongqing. Accordingly, the Group's business, financial condition and results of operations have been and will continue to be dependent on the level of economic activity in the Hechuan District and in Chongqing. According to the National Statistics Bureau of the PRC, the regional GDP of Chongqing in 2020 was approximately RMB2,500.28 billion, representing a 3.9% increase as compared to the previous year.

In recent years, there has been a slowdown in the growth of China's economic development as evidenced by the decrease in China's gross domestic product annual growth rate. It is unclear how the economic development in the Hechuan District and Chongqing will be affected by a perceivable slowdown in the growth of the PRC economy, and there is no assurance that the policies and measures issued by the PRC government will be effective in stimulating the growth of the economy. There can be no assurance that the level of economic development in the Hechuan District and Chongqing will continue to be maintained at the past rate of growth, if at all. Any slowdown in the economic development in the Hechuan District and Chongqing may decrease the demand for the Group's businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group's business, financial condition, results of operations, profitability and prospects are subject to effects of global economic events.***

The Group's business, financial condition, results of operations, profitability and prospects may be affected by general global economic conditions. In recent years, there has been a slowdown in the overall growth of the PRC economy. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or

both. The United Kingdom's exit from the European Union has resulted in volatility in global financial markets, and it is expected to create mid-to long-term economic uncertainty to not only the economies of the United Kingdom and the European Union but also globally. In addition, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and the PRC have been involved in controversy over trade barriers that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. Sustained tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economies. More recently, the COVID-19 pandemic has adversely affected global financial, foreign exchange, commodity and energy markets. The COVID-19 pandemic has since December 2019 spread globally, including multiple regions within Asia, Australia, Italy, Spain, the United States and the United Kingdom and there have been increased initial infection and fatality rates across the world. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions which the Group's business is subject to. Governments of many countries (including the PRC) have declared a state of emergency, closed their borders to international travellers and issued stay-at-home orders with a view to containing the pandemic. There is no assurance that such measures will be effective in ending or deterring the spread of COVID-19. As COVID-19 continues to spread globally, many more countries may be affected, which may result in the extension or implementation of further restrictive measures. On 24 February 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession. While central banks of different countries, including the Federal Reserve Board of Governors of the United States, have cut policy rates and/or announced stimulus packages, and national governments have proposed or adopted various forms of economic relief, there can be no assurance that such monetary and fiscal policy measures will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist. The PRC economy is sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis. There can be no assurance that changes in the economic, social and political conditions in the PRC or the global economy would not have a material adverse effect on the Group's business, financial condition, results of operations, profitability and prospects.

The outlook for the global economy and financial markets remains uncertain. Instability in the global economy may materially and adversely affect the markets in which the Group operates, which may lead to a decline in the general demand for the Group's services and products. If economic conditions were to worsen or if the economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding and, in addition, there can be no assurance that the Group will be able to raise finance at a reasonable cost, or at all. Therefore, instability in the global economy may materially and adversely affect the Group's business, financial condition and results of operations. See also "*The extent to which COVID-19 will impact the Group's business, results of operations, financial condition, results of operations and prospects is uncertain and cannot be predicted*" for further information.

***The extent to which COVID-19 will impact the Group's business, results of operations, financial condition, results of operations and prospects is uncertain and cannot be predicted.***

The outbreak and continued escalation of COVID-19 in the PRC and other parts of the world since late 2019 could materially and adversely affect the overall business sentiment and environment in the PRC

and in the markets in which the Group operates, particularly if the pandemic is inadequately controlled. In particular, the administrative actions taken by local governments in the PRC such as housing authorities to control the spread of COVID-19 may have an adverse impact on the Group's land consolidation, development and resettlement business.

Substantially all of the Group's operating income is derived from its operations in the PRC. Any labour shortages, fall in occupancy rates or contraction or slowdown in the growth of domestic consumption in the PRC as a result of the adverse impacts of COVID-19 could materially and adversely affect the Group's business, financial condition, results of operations and prospects. The spread of COVID-19 in the PRC may also affect the operations and financial condition of the Group's customers and suppliers, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The outbreak and continued escalation of COVID-19 may have an adverse impact on the Group's businesses and it is impossible to predict the magnitude of such impact, which could vary based on the duration of the outbreak and the ability of the global community to contain the disease and implement economic stimulus measures. There are uncertainties as to how COVID-19 will evolve and there can be no assurance that the outbreak and continued escalation of COVID-19 in the PRC and other parts of the world would not have a material adverse effect on the Group's business, financial condition, results of operations, profitability and prospect.

***The Group's business and future prospects to a large extent depend upon the Chongqing Hechuan District Government's public spending on infrastructure and fixed asset investments.***

The Group's business largely depends on continued spending by the People's Government of Chongqing Hechuan District (the "**Chongqing Hechuan District Government**") to construct infrastructure construction projects and land development projects. The Group is a key investment and financing platform of the Chongqing Hechuan District State-owned Assets Management Centre (重慶市合川區國有資產管理中心) ("**Hechuan SAMC**"). The Group's business, results of operations and future prospects may be heavily affected by the Chongqing Hechuan District Government's budgets, especially those for infrastructure construction and land development projects. Any significant reduction in the Chongqing Hechuan District Government's public budgets relating to infrastructure construction and land development could materially affect the Group's business.

There are a number of factors affecting the nature, scale, location and timing of the Chongqing Hechuan District Government's investments in infrastructure construction and land development. The key factors are government policies and priority relating to the development of different regions and the Chongqing Hechuan District Government's fiscal and monetary policies. The Chongqing Hechuan District Government's investments in public infrastructure development are also affected by the government income and the general economic conditions in the PRC and in the Chongqing and the Hechuan District. Any slowdown in the overall economic conditions of the PRC or Chongqing or the Hechuan District may affect the economic development of the Hechuan District and the fiscal conditions of the Chongqing Hechuan District Government, which may in turn reduce the Chongqing Hechuan District Government's investments in urban and public infrastructure development. If the public budget or spending of the Chongqing Hechuan District Government on urban and public infrastructure and land development decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group may not make decisions, take action or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Chongqing Hechuan District Government can exert significant influence on the Group.***

The Group is a state-owned enterprise that is 98.3904% owned by the Hechuan SAMC. The Group was established to provide land development and infrastructure construction services in the Hechuan District.

Given the Group's strategic role in the development of the Hechuan District and Chongqing, the Group may not always make decisions, take action or invest or operate in projects that are in the Group's best interests or that aim to maximise the Group's profits. The Chongqing Hechuan District Government is in a position to exert influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions, annual budget plans and dividend policy. There can be no assurance that the Chongqing Hechuan District Government would always take action that is in the Group's best interests or that aims to maximise the Group's profits. The Chongqing Hechuan District Government may use its ability to influence the Group's business and strategy in a manner which is beneficial to the Hechuan District as a whole, but which may not necessarily be in the Group's best interests. The Chongqing Hechuan District Government may also change its policies, intentions, preference, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as its projections of population and employment growth in the Hechuan District and Chongqing and any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of the Chongqing Hechuan District Government's existing policies could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

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

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include: the Notice on Strengthening the Administration of Local Government Financing Vehicles (Guo Fa [2010] No. 19) (關於加強地方政府融資平臺公司管理有關問題的通知(國發[2010]19號)) (“**Circular 19**”) in June 2010, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) released by the State Council in September 2014, the Notice on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (Fa Gai Ban Cai Jin [2010] No. 2881) (關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知(發改辦財金[2010]2881號)) released by the NDRC issued in November 2010 (“**Circular 2881**”), the Circular on Further Regulating the Debt Financing Behaviours of Local Government (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) (“**Circular 50**”) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission in April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) (“**Circular 87**”) issued by the MOF in May 2017, the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial Institutions for Local Governments and State-Owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) in March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) jointly issued by the NDRC and the MOF in May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council in September 2018 (the “**Joint Opinion**”) and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-Owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) issued by the General Office of the NDRC in June 2019 (“**Circular 666**”) (Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, together, the “**Debt Control Circulars**”).

According to Circular 2881, in addition to the relevant requirements on asset composition under Circular 19, the financing vehicles of a local government must rely on their internal operating cash flow to finance more than 70.0 per cent. of the cash requirements for repaying their corporate bonds issued in the PRC. If revenue from the construction of public interest projects represents more than 30.0 per cent. of their total revenue, the financing vehicles should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of the local government's debts and other detailed information to demonstrate the local government's comprehensive financial capacity. In addition, it reinforces the requirements under Circular 19 which prohibit local governments from providing guarantees or credits to secure the debts of its financing vehicles through financial funds and state-owned assets of administrative institutions, or any direct or indirect means. As at the date of this Offering Circular, the Group has not received any notice from any governmental authority that it is not in compliance with Circular 2881.

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

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Chongqing Hechuan District Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. The liability of the Chongqing Hechuan District Government is limited to its equity contribution in the Group. If the Group does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Group, and not the Chongqing Hechuan District Government or any other PRC governmental entity. Therefore, investors should base their investment decision only on the financial condition of the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's financial information reflected in its financial statements. As the Debt Control Circulars are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties.

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

***The PRC government (including the Chongqing Hechuan District Government and Hechuan SAMC) has no obligation to repay any amount under the Bonds.***

The PRC government (including the Chongqing Hechuan District Government and Hechuan SAMC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds. This position has been reinforced by Circular 23, Circular 706 and Circular 666.

The Hechuan SAMC and the Chongqing Hechuan District, as the ultimate majority shareholder of the Issuer, have only limited liability in the form of its equity contribution in the Issuer. As such, the Hechuan

SAMC and the Chongqing Hechuan District have no obligation to repay any amount under the Bonds, or the transaction documents. The Bonds are solely to be repaid by the Issuer, as an obligor under the relevant transaction documents and as an independent legal person. In addition, the fact that the Issuer is beneficially controlled and owned by the Hechuan SAMC and the Chongqing Hechuan District does not necessarily correlate to, or provide any assurances as to, the Issuer's financial conditions. Therefore, investors should base their investment decision only on the financial condition of the Issuer and base any perceived credit risk associated with an investment in the Bonds only on the Group's financial information reflected in its financial statements. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person including the Hechuan SAMC, the Chongqing Hechuan District, the PRC government or any other local or municipal government. As Circular 23, Circular 706 and Circular 666 are relatively new and principled in nature and given the limited volume of published decisions related to these circulars, the interpretation of these laws and regulations involve uncertainties.

***A reduction or discontinuance of government support could materially and adversely affect the Group's business operation, financial condition and results of operations.***

The Group receives financial support from the Chongqing Hechuan District Government in various forms, such as government subsidies for its projects, and relies on such financial support to fund its operations and generate profit. Such government subsidies are usually granted by the government at the end of each year. For the years ended 31 December 2019, 2020 and 2021, the government subsidies received by the Group amounted to RMB173.07 million, RMB237.52 million and RMB429.70 million respectively. The government's continued financial support to the Group and provision of subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central PRC government.

There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments that it currently enjoys, since the relevant government policies may change over time. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

***The net cash flow from operating activities and investing activities of the Group is subject to fluctuation and may adversely affect the Group's financial condition.***

For the years ended 31 December 2019, 2020 and 2021, the Group's net cash flow from operating activities amounted to RMB176.23 million, -RMB1,355.02 million and RMB90.57 million respectively. For the years ended 31 December 2019, 2020 and 2021, the Group's net cash flow from investing activities amounted to -RMB3,510.11 million, -RMB3,800.09 million and -RMB6,541.54 million respectively. The Group expects the pressure on its operating cash flow and investment cash flow to continue due to its business development costs and its strategic investments in large scale projects. If the Group continues to experience imbalance in cash inflow and outflow, the Group's financial stability may be undermined, which may adversely affect the Group's financial position and results of operations.

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

The Group relies on, among other things, bank loans and proceeds from bond issuances in the PRC domestic capital markets to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2021, the Group's total indebtedness (comprising short-term borrowings (excluding interests payable), interest-bearing other current liabilities, interest-bearing non-current liabilities due within one year, long-term borrowings, bonds payable and interest-bearing long-term payables) was RMB67.32 billion. In addition, the Group provides guarantees to loans taken out by members of the Group and certain independent third parties. As at 31 December 2021, the Group had outstanding guarantees of approximately RMB484.80 million.

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

- requiring the Group to divert its operating cash flow to service its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

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

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

In addition, the Group mortgages some of its assets, including accounts receivables and land use rights and other assets, to secure its bank borrowings for project development. As at 31 December 2021, the Group's assets with a total book value of RMB10.00 billion (RMB5.58 billion in land use rights and RMB2.66 billion in accounts receivables) were provided as security to secure the loan facilities of the Group. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

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

As at 31 December 2019, 2020 and 2021, the Group's account receivables amounted to RMB21.15 billion, RMB25.06 billion and RMB27.29 billion, respectively, representing 22.12%, 21.94% and 22.65% of the Group's total assets, respectively. As at 31 December 2019, 2020 and 2021, the Group's other receivables amounted to RMB8.14 billion, RMB10.28 billion and RMB11.84 billion, respectively, representing 8.51%, 9.00% and 9.83% of the Group's total assets, respectively. These account receivables and other receivables mainly represent amounts due to the Group by the Group's customers.

There are inherent risks associated with the ability and willingness of the Group's customers and the local governments to make timely payments. As at 31 December 2019, 2020 and 2021, provisions for the Group's account receivables amounted to RMB0.83 million, RMB17.88 million and RMB22.79 million, respectively, and provisions for the Group's other receivables amounted to RMB211.73 million, RMB184.94 million and RMB328.15 million, respectively.

These provisions may not be sufficient to cover actual credit loss in the event of any failure by the Group's customers to make timely payments, which could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

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

The Group's businesses require a large amount of working capital for its land consolidation, development and resettlement business. As at 31 December 2019, 2020 and 2021, the Group's inventories amounted to RMB33.01 billion, RMB38.38 billion and RMB38.27 billion, respectively, representing 32.17%, 33.61% and 31.76% of the Group's total assets, respectively. The Group's inventories mainly comprise of development costs and land use rights. In accordance with the Group's accounting policies, the Group has made certain provisions for inventory price changes. As the price of the Group's inventories are subject to market volatility, the value of the Group's inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

***Any public assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed.***

According to the Joint Circular, any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, "Public Assets") cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debts. As at 31 December 2021, the Group's Public Assets amounted to approximately RMB921.13 million, representing approximately 2.18% of the Group's net assets.

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

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

***The Group's business operations and investments require substantial capital expenditure and failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect its business and growth prospects.***

The Group's business activities and investments require substantial capital expenditure. The Group has historically satisfied its capital expenditure need with the cash flow generated from its operating activities, bank and other borrowings, funds raised in the PRC domestic and international capital markets and equity contributions from its shareholder. There is no assurance that the Group's operations are able to generate sufficient cash flow at all times, if at all, which could constrain its working capital and have a material adverse effect on its business, financial conditions and results of operations. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control.

The Group's capital expenditure and investment plans are affected by a number of factors, such as changes in project requirements, the Group's ability to generate sufficient cash flows from its operations, the availability and costs of external financing and the local government's plan in project buybacks and granting government funds. Any material changes in these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in government funding and cost overruns may also cause such shortfall. In these cases, the Group's reliance on external financings and its internal capital resources may increase. If the Group fails to raise sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects.

***The Group faces risks associated with contracting with public bodies.***

As the primary investment and financing platform of the Chongqing Hechuan District Government focusing on the urban infrastructure construction and land consolidation, development and resettlement in the Hechuan District, the Group collaborates with various governmental authorities and their controlled entities in the Hechuan District. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. Local governments and the government-controlled entities with which the Group collaborates may (i) have economic or business interests or consideration that are inconsistent with the Group's; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. If there are any material disagreements between the Group and any local government or any of the government controlled entities, there can be no assurance that the Group is able to successfully resolve them in a timely manner.

In addition, disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group and the local governments and the governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group is subject to project development risks and cost overruns, and delays may adversely affect the Group's results of operations.***

There are a number of construction, financing, operating and other risks associated with project developments in the PRC. Projects of the types undertaken by the Group typically require substantial capital expenditure during the construction phase and usually take many years before they become operational and generate revenue. The time taken and the costs involved in completing construction of projects can be adversely affected by many factors, including shortages in materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental policies, approval time and other unforeseen circumstances. Any of these could give rise to delays in the completion of the construction phase and/or cost overruns. Construction delays may result in loss of revenues. The failure to complete construction in accordance with the agreed specifications may result in liabilities, reduced efficiency and lower financial returns.

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

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

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

As the Group continues to grow, the Group will need to improve its managerial, technical and operational knowledge and allocation of resources. The Group will also need to implement an effective information management system and strengthen its management control across its businesses. In order to fund the Group's ongoing operations and future growth, the Group will need to have sufficient internal sources of liquidity or access to external financing. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. The Group may develop or invest in new businesses ancillary to or related to the Group's existing businesses and such diversification may place significant demands on the Group's management and resources.

The Group may undertake potential acquisitions or enter into new strategic alliances, cooperation agreements, memorandum of understanding and partnerships with domestic companies as part of its future business expansion plans or pursuant to government policies and strategies. For example, in August 2021 the Hechuan SAMC reorganised the Group's equity interests in various subsidiaries pursuant to the 2021 Equity Transfer (as defined below). Please see "*Description of the Group — History and Development*" for more details. However, the Group may not be able to integrate successfully the acquired business into the Group or deal with difficulties such as loss of middle management and ground staff and failure to detect and rectify business, operational or financial issues of the acquired

business, and to derive any synergies from such acquisitions, leading to increases in costs, time and resources. Furthermore, the Group may not successfully identify new acquisition opportunities or other opportunities on favourable or acceptable terms to the Group. There can be no assurance that the Group will be able to manage its growth successfully or that its expansion plans will not adversely affect the Group's existing operations and thereby have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

***The Group may not be able to complete its projects on time or at all.***

Infrastructure and land development projects require substantial capital expenditures prior to and during the construction period. The construction of such projects may take many months or several years before the Group receives its funds from the Chongqing Hechuan District Government, which is generated from the land grant premium payable by real property developers in the granting of land use rights of the land developed by the Group. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortage of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot ratios.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect the Group's results of operations and financial position and may also cause reputational damage. There is no assurance that the Group will not experience such delays in delivery of its property projects in the future or that they will not be subject to any liabilities for any such delays.

***The Group may be unable to comply with all relevant laws and regulations in the PRC relating to the development, construction and operation of its business projects.***

The Group's projects are subject to strict PRC laws and regulations relating to their development, construction, licensing and operation. These laws and regulations relate to, among other things, project approval and other government approval and licensing requirements for building, operation and construction of new projects, landscape conservation and environmental conservation. In particular, before the Group constructs and operates its various projects, the Group must first obtain operational and construction permits from various authorities. Procedures for granting operational and construction permits vary by local area and certain provinces may reject requests for permits for a variety of reasons. Furthermore, operational and construction permits granted successfully to the Group in some provinces may be subject to challenges by third parties. Moreover, the Group must comply with the relevant laws and regulations and the conditions imposed in the operations and construction permits, and there can be no assurance that the Group will be able to do so, which may result in fines, sanctions, criminal penalties

and/or the suspension, revocation or non-renewal of approvals, licences or permits. These factors could have a material and adverse effect on the Group's business, financial condition or results of operations.

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site production accidents;
- disruption in the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, collapse of mine or other natural disasters.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC or elsewhere. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that any of the Group companies suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

***The Group's labour costs may increase for reasons such as the implementation of the PRC employment regulation.***

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of the compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year

are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

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

***The Group is required to comply with extensive environmental, safety and health laws and regulations and quality control standards and the compliance of which may be onerous or expensive.***

The Group is required to comply with extensive environmental, health and safety laws and regulations promulgated by the PRC government, as well as quality control standards. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. If the Group fails to comply with these laws and regulations and industry standards applicable to its operations, it could be subject to suspension of its operations, failed evaluation when the project is delivered for review, substantial penalties, fines, suspension or revocation of its licences or permits to conduct business, termination of government contracts, administrative proceedings or litigation. Such events could have a material and adverse impact on its business, results of operations, financial condition and reputation. As these laws and regulations continue to evolve, there can be no assurance that the PRC government will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers.

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and

prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial conditions.

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

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

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

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

***The Group has engaged in and may continue to engage in related party transactions which may create potential conflicts of interest.***

The Group has engaged in and may continue to engage in a variety of transactions with its related parties including providing guarantees. There can be no assurance that those transactions would be deemed as

arm's-length or the Group's related parties will not take actions that favour their interests over the Group's. If a borrower defaults on any borrowings guaranteed by the relevant Group's member, the relevant lender may exercise its right under the guarantee to demand repayment from the Group, which may result in a funding shortage at the Group level and may materially and adversely affect the Issuer's ability to provide financial support to its other subsidiaries. If the Issuer's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

The internal control regarding the management of various related party transactions can also be challenging and demanding for the Group. Failure to adequately control and manage its related party transaction could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to litigation risks.***

The Group may from time to time be involved in disputes with governmental entities, suppliers, employees and other third-party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. For example, in July 2021, pursuant to the Execution Notice ((2020) Yu 0117 Min Chu No. 3242) (執行通知書(2020)渝0117民初3242號)) of the Chongqing Hechuan District People's Court, the Group was ordered to repay RMB2.93 million together with interest and execution fees to Mr. Huang Caiguang and Mr. Zhang Yongzhong (the "**Claimants**") for a dispute involving third party contractors (the "**Third Party Contractors**") and the Claimants under one of the Group's projects. The Group has since appealed the decision as it has already settled the full contract amount with the Third Party Contractors and should not be responsible for the failure of the Third Party Contractors to settle the Claimants' unpaid fees. As at the date of this Offering Circular, the Issuer continues to be a judgment debtor subject to the results of the appeal.

If the Group's disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

***There are risks associated with any material acquisitions by the Group in the future.***

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group will consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of

internal resources. There can be no assurance that the Group will be able to address these issues effectively. Any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

As at the date of this Offering Circular, the Group had not entered into any definitive agreement for any acquisition. The Group, however, is unable to predict whether there will be any target suitable for acquisition or when any suitable acquisition opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

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

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

***The Group's business is sensitive to adverse weather and environmental conditions.***

Adverse weather conditions, such as extreme cold weather, snow, typhoons, flooding and heavy or sustained rainfall and natural disasters such as earthquakes, landslides or mudslides, may prevent the Group from conducting its construction activities or otherwise affect its productivity, preventing the Group from completing its construction projects on schedule, delaying its receipt of payment and possibly causing the Group to incur additional operating expenses. Adverse climatic conditions that are unusually severe or last longer than usual could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group has substantial indebtedness outstanding. Some of the Group's indebtedness bears interest that accrues at interest rates linked to benchmark lending rates published by the PBOC. Any material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and in turn affect its results of operations. The PRC government has from time to time adjusted interest rates in order to implement its economic and monetary policies. Since the outbreak of the global financial crisis in 2008, the PBOC progressively lowered the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. On 20 July 2013, pursuant to the Notice on Further Promoting the Market-oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), the PBOC abolished the regulation of the benchmark lending rates for financial institutions and began allowing lending rates to be determined by financial institutions pursuant to market principles, known as the loan prime rate (the

“LPR”). On 28 December 2019, the PBOC issued the Announcement on Matters Concerning the Shift of the Pricing Benchmark for Existing Floating Rate Loans to the LPR (關於存量浮動利率貸款的定價基準轉換為LPR的公告), which provides that financial institutions shall not be allowed to enter into floating rate loan contracts based on the benchmark lending rates after 1 January 2020, and, in principle, the shift of pricing benchmark for existing floating rate loans from the benchmark lending rates to the LPR should be completed before 31 August 2020. As at the date of this Offering Circular, all of the Group’s bank loans bear interest that benchmarks the LPR. Although the Group’s financial condition and results of operations may benefit from the current low-interest environment, there is no assurance that this environment will continue. Any increase in the LPR in the future will increase the Group’s financing costs and adversely affect the Group’s profitability, financial condition and results of operations.

***Restrictive covenants contained in credit facilities may limit the Group’s ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations.***

Certain financing contracts entered into by members of the Group may contain operational and financial restrictions on the Group or, as the case may be, the relevant subsidiary’s business, that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender’s prior consent. The ability of the Issuer or any of its relevant subsidiaries (as borrower) to meet such financial restrictions may be affected by events beyond its control. Such restrictions may also adversely affect the Group’s ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group’s ability to satisfy its obligations under the Bonds and other debt.

If the Issuer or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Issuer or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Issuer and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements. If any of these events occurs, there is no assurance that the Issuer or its subsidiaries will be able to obtain the lenders’ waiver in a timely manner or that the assets and cash flow of the Issuer or its subsidiaries would be sufficient to repay all of their respective debts in full as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

## **RISKS RELATING TO THE GROUP’S FINANCIAL STATEMENTS AND OFFERING CIRCULAR**

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

The Audited Financial Statements were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See “Summary of Certain Differences between PRC GAAP and IFRS”. There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Prospective investors should consult their own professional advisers

for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

***The presentation of certain accounting items in the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods.***

In 2021, the MOF promulgated the 2021 New Accounting Standards and Requirements. The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 were prepared and presented in accordance with the 2021 New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2021 may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods. For details of the 2021 New Accounting Standards and Requirements and its impact on the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021, please see “*Notes to the Financial Statements — IV Significant accounting policies and accounting estimates — 30. Changes in significant accounting policies and accounting estimates*” of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021.

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

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

***Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them.***

This Offering Circular contains facts and statistics relating to the economy of the PRC, Chongqing, Hechuan District and the industries in which the Group operates. While the Group has taken reasonable care to select reputable and reliable information sources and ensure that the facts and statistics relating to the PRC, Chongqing and Hechuan District, the economy in these areas and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

***Auditors who audited the Audited Financial Statements have previously been subject to administrative measures imposed by and/ or received warning letters from relevant regulatory authorities.***

ZSZH, the independent auditors of the Issuer appointed to audit the Audited Financial Statements included elsewhere in this Offering Circular, has previously received warning letters from the China Securities Regulatory Commission (“CSRC”) and its local branches in relation to its audit of certain companies unrelated to the Group.

ZSZH have confirmed that none of the individual auditors involved in the above-mentioned administrative measures and/or warnings are involved in the current transaction, and they have completed all rectifications as requested and settled all forfeitures and/or fines imposed by the CSRC, and none of the CSRC or any other relevant regulatory authorities has made any further adverse decision or imposed any penalty or forfeiture on them. As at the date of this Offering Circular, none of ZSZH, the Issuer or the Group is aware of any fact or event which causes it to believe that individual auditors who participated in the audit of the Audited Financial Statements are or would become subject to any censure, investigation or other similar legal or regulatory proceedings. Notwithstanding, the above mentioned administrative measures and/or warnings may adversely affect investors’ confidence in companies and financial statements audited or reviewed by ZSZH. There can be no assurance that further negative news about ZSZH would not have a material and adverse effect on the Group or the work performed by ZSZH for the Issuer is not deficient.

## **RISKS RELATING TO THE PRC**

All of the Group’s assets are located in the PRC and all of the Group’s revenue is sourced from the PRC. Accordingly, the Group’s results of operations, financial position and prospects are subject to economic, political and legal developments in the PRC.

***The Group is subject to the political and economic risks of doing business in the PRC.***

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to the extent of government involvement; level of development; growth rate; economic and political structure; the control of foreign exchange; allocation of resources; and regulation of capital reinvestment. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group’s operations. For example, the Group’s business and financial condition may be adversely affected by the PRC government’s control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC’s political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group’s current or future business and financial condition.

***China has experienced a slowdown in its economic growth rate and the future growth rate of China's economy is uncertain.***

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9% on a year-on-year basis compared to 7.3% in 2014, and it further decreased to 6.7% in the first quarter of 2016 on a year-on-year basis. On 24 May 2017, Moody's Investors Service downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, Standard & Poor's Ratings Services cut China's credit rating by one notch from AA- to A+.

In July 2018, the U.S. government imposed tariffs on U.S.\$34 billion worth of Chinese goods, which then led the PRC to respond with similar sized tariffs on U.S. products. The effect on such tariffs on the economy of the PRC and the U.S. is yet to be seen but any trade war may severely damage the economy and market confidence of both countries.

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

***The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner.***

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of new laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Such new laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. The Group cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation and enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to the Group. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to the Group. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As the PRC legal system develops, the promulgation of new laws, changes to existing laws, the pre-emption of local regulations by national laws and the uncertainty as to how such laws are interpreted and enforced may have an adverse effect on the Group's business and financial condition.

***The PRC government's control of foreign currency may limit the Group's foreign exchange transactions.***

All of the Group's revenues and expenses are denominated in Renminbi, which is not currently a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC laws and regulations that affect exchange rates and foreign exchange transactions. Under the current PRC foreign exchange control system, foreign exchange transactions under the Group's current account do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC government may restrict future access to foreign currencies under current or capital account transactions. A change in policy could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of SAFE. Failure to obtain approval from SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group was unable to obtain sufficient foreign currency, it might not be able to pay interest to the holders of the Bonds in foreign currencies.

***The fluctuation of the Renminbi may materially and adversely affect the Issuer's operations and financial results.***

The Group receives all of its revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow it to make payments on obligations denominated in currencies other than the Renminbi.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The People's Bank of China surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The International Monetary Fund announced on 30 September 2016 that the Renminbi joined its Special Drawing Rights currency basket. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the midpoint exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant depreciation of the Renminbi may adversely affect the value of its businesses and its proceeds from the offering. In addition, there are limited instruments available for the Issuer to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Issuer's businesses, financial conditions and results of operations of the Issuer.

***The operations of the Issuer may be affected by rising inflation rates within the PRC.***

Inflation rates within the PRC have been on a sharp uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Issuer's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Issuer's expectations, the costs of pay-outs to customers may become significantly higher than the Issuer has anticipated for the future, and the Issuer may be unable to increase rates charged to customers in amounts that are sufficient to cover their increasing operating costs. These unanticipated costs may be exacerbated by the fact that the Issuer's investment portfolio is comprised primarily of fixed income securities. The Issuer's ability to make a profit on their products depends in part on the returns on investments supporting their obligations under these products, and given that the return on such fixed income investment holdings remain roughly constant despite inflation, the Issuer's investment income may not be sufficient to meet increasingly expensive pay-outs to customers. Furthermore, the Issuer may not be able to dispose of its fixed income securities on short notice, or may have to sell such securities at prices significantly lower than the prices it has recorded in its consolidated financial information. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Issuer's businesses and financial conditions and results of operations, as well as its liquidity and profitability.

***It may be difficult to effect service of legal process on, or to enforce any judgments obtained outside the PRC against, the Group, its directors, supervisors or senior management residing in the PRC.***

All of the Group's directors, supervisors, and senior management reside in the PRC. In addition, all of the Group's assets and those of its directors, supervisors, and senior management are located in the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of the courts of the United States, the United Kingdom, Japan or many other jurisdictions. As a result, it may not be possible for investors to serve process on the Group or those persons residing in the PRC or to enforce any judgments obtained from non-PRC courts against the Group or related persons in the PRC.

On 14 July 2006, the PRC Supreme People's Court and the Government of the Hong Kong Special Administrative Region signed an Arrangement on the Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Under such arrangement, where any designated People's Court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement, any concerned party may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgment. Although the arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the arrangement remains uncertain.

## **RISKS RELATING TO THE BONDS**

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

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 9 February 2022 and the approval for extension of the expiry date dated 26 December 2018. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer will undertake to report or cause to be reported to the NDRC the requisite information and documents within the prescribed time period after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the “**Foreign Debt Registration Measures**”) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, and amended on 4 May 2015, the Issuer shall complete the foreign debt registration in respect of the issue of the Bonds with the relevant local branch of SAFE in accordance with relevant laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Circular of PBOC on Matters Concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross-Border Financing Circular**”) and the Guidelines for Capital Account Foreign Exchange Operations (資本項目外匯業務指引 (2020年版)), the Issuer is required to register the Bonds within the prescribed timeframe and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as under PRC laws and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the MOF, the State Development Planning Commission and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within the prescribed timeframe. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. In the unlikely event that, having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of the Bonds. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

According to the Cross-Border Financing Circular, the Issuer shall file the information for this transaction in the capital project information system with SAFE after signing the Bonds contract and no later than 3 working days before the withdrawal of money in accordance with the Foreign Debt Registration. See Condition 4(b) (*Undertakings relating to Foreign Debt Registration*) of the Terms and Conditions. The Issuer, after conducting the contract filing for the transaction, may carry out the relevant

capital settlement according to the withdrawal and repayment arrangement, report the relevant clearing information to the relevant systems of the PBOC and SAFE, and complete the update of the transaction information. The Issuer shall update the transaction related information (including offshore creditors, maturity, amount, interest rate and net assets). If the audited net assets, the foreign creditors involved in the financing contract, the term of the debt, or the amount and the interest rate have changed, the Issuer shall go through the formalities for filing the change within time. The PBOC and SAFE no longer adopt an ex ante approval mode for management of foreign debts of enterprises, and so instead, the Issuer shall file ex ante its contracts of foreign debts. If the Issuer fails to report or change the cross-border financing information in time, the PBOC and SAFE shall circulate a criticism against the Issuer after verification, order a rectification, and impose sanctions according to the Law of the People's Republic of China on People's Bank of China and the Law of the People's Republic of China on Foreign Exchange Control. The consequences to Bondholders of any failure to file the Bonds pursuant to the Foreign Debt Registration or to otherwise comply with any other requirements thereunder are unclear.

***The Bonds will be unsecured obligations.***

As the Bonds will be unsecured obligations of the Issuer, repayment of the Bonds may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

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

***Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.***

The Terms and Conditions and the transaction documents will be governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "Arrangement"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

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

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

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

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held by or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds will be denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of

an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

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

***The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.***

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with interest accrued to but excluding the Put Settlement Date (as defined in the Terms and Conditions). On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries or other downward affiliates in which the Issuer owns equity interests, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's subsidiaries or affiliates, and the Issuer may not have direct access to the assets of such subsidiaries or affiliates unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries or affiliates to pay dividends or otherwise transfer assets to the

Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries and affiliates will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries or affiliates, respectively, upon that subsidiary's or affiliate's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's or affiliate's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries or other downward affiliates that the Issuer may in the future acquire or establish.

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

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

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

The Terms and Conditions will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

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

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

The Terms and Conditions will also provide that the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree (i) to any modification of the Trust Deed, the Terms and Conditions and/or the Agency Agreement (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and (ii) to any modification of the Bonds, the Trust Deed or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

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

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of steps and/or actions and/or instituting proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions) or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

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

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”), any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from

sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “**Taxation Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10% or 20% is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10% for non-resident enterprise Bondholders and at a rate of 20% for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (財政部及國家稅務總局關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號) (“**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6% on payments of interest and certain other amounts on the Bonds by the Issuer to the Bondholders that are non-resident enterprises or individuals and withhold certain surcharges as Urban Maintenance and Construction Tax (“**UMCT**”) of 7% and Educational Surcharges (“**ES**”) of 3% based on the VAT the Issuer actually withholds simultaneously when the VAT is paid. VAT is unlikely to be applicable to any transfer of the Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of the Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of the Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

***The Bonds will be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing Systems.***

The Bonds will be represented by beneficial interests in the Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream (the “**Clearing Systems**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

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

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with any interest accrued to but excluding the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

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

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

The Issuer may, from time to time, and without prior consultation with or the consent of the Bondholders, create and issue further bonds (see Condition 15 (*Further Issues*) of the Terms and Conditions of the Bonds) or otherwise raise additional capital through such means and in such manner as it may consider necessary including the issuance of other securities. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

## EXCHANGE RATES

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9% from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%.

On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against the U.S. dollar following a fluctuation in 2018. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

| Period              | Renminbi per U.S. Dollar Noon Buying Rate <sup>(1)</sup> |                        |        |        |
|---------------------|--|------------------------|--------|--------|
|                     | Period end   | Average <sup>(2)</sup> | High   | Low    |
|                     |  | (RMB per U.S.\$1.00)   |        |        |
| 2016                | 6.9430   | 6.6549                 | 6.9580 | 6.4480 |
| 2017                | 6.5063   | 6.7569                 | 6.9575 | 6.4830 |
| 2018                | 6.8755   | 6.6292                 | 6.2649 | 6.9737 |
| 2019                | 6.9618   | 6.9014                 | 7.1786 | 6.6822 |
| 2020                | 6.5250   | 6.8878                 | 7.1681 | 6.5208 |
| 2021                | 6.3726   | 6.4508                 | 6.5716 | 6.3435 |
| 2022                |  |                        |        |        |
| January             | 6.3610   | 6.3556                 | 6.3822 | 6.3206 |
| February            | 6.3084   | 6.3436                 | 6.3660 | 6.3084 |
| March               | 6.3393   | 6.3446                 | 6.3720 | 6.3116 |
| April               | 6.6000   | 6.4306                 | 6.6243 | 6.3590 |
| May (through 6 May) | 6.6651   | 6.6285                 | 6.6651 | 6.6079 |

*Notes:*

- (1) Exchange rates between Renminbi and U.S. dollars represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant month or period.

## TERMS AND CONDITIONS OF THE BONDS

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

The U.S.\$207,000,000 6.0 per cent. bonds due 2025 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 15 and consolidated and forming a single series therewith) of Chongqing Hechuan City Construction Investment (Group) Co., Ltd. (重慶市合川城市建設投資(集團)有限公司) (the “**Issuer**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated on or about 31 May 2022 (the “**Issue Date**”) made between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined below). These Conditions (as defined below) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, which includes the form of the Bonds.

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer on 8 December 2021 and a resolution of the shareholders of the Issuer on 8 December 2021.

Copies of the Trust Deed and the agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated on or about 31 May 2022 made between the Issuer, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) by the Bondholders at the principal office for the time being of the Trustee, being at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the specified office of the Principal Paying Agent following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent. References herein to “**Paying Agents**” includes the Principal Paying Agent, and “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (these “**Conditions**”) will have the meanings given to them in the Trust Deed.

### 1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each a “**Specified Denomination**”). The Bonds are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same Holder (as defined below).

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes, whether or not it is

overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

## **2 STATUS**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES**

### **(a) Register**

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

### **(b) Transfer**

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be not less than the minimum Specified Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a Holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*A Bond may not be transferred unless the principal amount of such Bond to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bond not being transferred are equal to or more than the minimum Specified Denomination.*

*Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

**(c) Delivery of New Certificates**

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c) and in Condition 3(e), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

**(d) Formalities Free of Charge**

Registration of transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment by the Holder (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any taxes, duties or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied in its absolute discretion that the regulations concerning transfer of Bonds have been complied with.

**(e) Closed Periods**

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 14 days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after notice of redemption has been given pursuant to Condition 6(b); or (iv) after any such Bond has been put for redemption pursuant to Condition 6(c).

**(f) Regulations**

All transfers of Bonds and entries on the Register will be made subject to and in accordance with the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Holders and at the Issuer's expense) by the Registrar to any Holder who requests one in writing and provides proof of holding and identity to the satisfaction of the Registrar and is available at the specified office of the Registrar for inspection by any Bondholder at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

**4 COVENANTS**

**(a) Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

**(b) Undertakings relating to Foreign Debt Registration**

The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date, submit or cause to be submitted an application for the registration of the Bonds with the local counterpart of SAFE pursuant to the Circular of the State Administration of Foreign Exchange on Promulgation of the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》(匯發[2013]19號)), effective as at 13 May 2013 and amended on 4 May 2015, and related operating guidelines issued by SAFE and the Circular of the People's Bank of China Relating to the Macro-Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "Foreign Debt Registration"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE) from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to any implementing measures promulgated thereunder from time to time.

(c) **Notification to NDRC**

The Issuer undertakes that it will within the prescribed time period after the Issue Date report or cause to be reported to the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Reporting**”).

(d) **Notification of Completion of the Foreign Debt Registration and the NDRC Post-issue Reporting**

The Issuer shall within 10 Registration Business Days after the later of submission of the NDRC Post-issue Reporting and receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of the Foreign Debt Registration), provide the Trustee with (i) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory confirming (A) the completion of the NDRC Post-issue Reporting and the Foreign Debt Registration and (B) no Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default (a “**Potential Event of Default**”) has occurred; and (ii) copies of the relevant documents evidencing the NDRC Post-issue Reporting (if any) and the Foreign Debt Registration, each certified in English by an Authorised Signatory as being a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16), substantially in the form set out in the Trust Deed, confirming the completion of the NDRC Post-issue Reporting and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor, to assist with or to ensure the Foreign Debt Registration with SAFE is completed as required by Condition 4(b) or the NDRC Post-issue Reporting is made as required by Condition 4(c) or to assist with any of the NDRC Post-issue Reporting or the Foreign Debt Registration or to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Reporting and/or the Foreign Debt Registration and/or the Registration Documents or to translate or procure that any Registration Document is translated into English or to verify the accuracy of any English translation of any Registration Document or any other certificate, confirmation or other document, or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Reporting and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

(e) **Financial Information**

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

(f) **Certificate of Authorised Signatories**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will send to the Trustee: (i) at the same time as the Audited Financial Reports provided pursuant to Condition 4(e) and (ii) within 14 days of any request by the Trustee, a compliance certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the “**Certification Date**”) not more than five days before the date of the certificate:

- (A) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (B) the Issuer has complied with all its obligations under the Trust Deed and the Bonds or, in the event of non-compliance, giving details of it.

The Trustee shall be entitled to rely conclusively upon such compliance certificates of the Issuer given as contemplated in these Conditions and shall not be liable to any Bondholder or any other person for so relying upon such certificates.

(g) **Definitions**

In these Conditions:

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

“**Authorised Signatory**” has the meaning set out in the Trust Deed;

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

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

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

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

“**Registration Deadline**” means the day falling 90 Registration Business Days after the Issue Date;

“**Relevant Indebtedness**” means any indebtedness outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

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

“**SAFE**” means the State Administration of Foreign Exchange or its local counterparts;

“**Subsidiary**” means, with respect to any person, any corporation, association or other business entity (i) of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person and/or one or more other Subsidiaries of such person; or (ii) any corporation, association and/or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“**Unaudited Financial Reports**” means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them, if any; and

“**Voting Stock**” means, with respect to any person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

## 5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 31 May 2022 at the rate of 6.0 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$30.0 per Calculation Amount (as defined below) on 31 May and 30 November in each year (each an “**Interest Payment Date**”) commencing on 30 November 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholders, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to the payment of interest in equal instalments on each Interest Payment Date, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 6 REDEMPTION AND PURCHASE

### (a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 31 May 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

**(b) Redemption for Taxation Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 May 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments and opinion. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion without further investigation or inquiry and without liability to the Bondholders or any other person, as satisfactory and sufficient evidence of the fulfilment of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders.

**(c) Redemption for Relevant Events**

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with interest accrued to but excluding the Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate representing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control Event) or the tenth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above or, if in either case such day is not a Payment Business Day (as defined in Condition 7(f)), the next following Payment Business Day.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

Not later than 14 days (in the case of a Change of Control Event) or 7 days (in the case of a No Registration Event) following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

- (i) the Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control Event or No Registration Event;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it have received written notice to the contrary from the Issuer and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with a Relevant Event or any Registration Condition and none of them shall be responsible or liable to Holders, the Issuer or any other person for any loss arising from their not doing any of the foregoing.

For the purpose of these Conditions:

- (A) a “**Change of Control Event**” occurs when:
  - (i) the Hechuan District State-owned Assets Management Centre (重慶市合川區國有資產管理中心), the People’s Government of Chongqing Hechuan District (重慶市合川區人民政府), Chongqing Municipal People’s Government (重慶市人民政府) and/or the PRC Central Government Persons together cease to directly or indirectly hold or own 75 per cent. of the issued share capital of the Issuer; or
  - (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person or Persons, unless such Person(s) is/are Controlled by PRC Central Government Persons;

- (B) “**Control**” means (where applicable) (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove a majority of the members of the relevant Person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person; the term “**Controlled**” has a meaning correlative to the foregoing;
- (C) a “**No Registration Event**” occurs when the Registration Condition is not satisfied on or before the Registration Deadline;
- (D) a “**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries;
- (E) “**PRC Central Government Persons**” means collectively, the central government of the PRC, and any other person directly or indirectly Controlled by the central government of the PRC;
- (F) “**Registration Condition**” means the receipt by the Trustee of both (i) the certificate referred to in (i) of Condition 4(d) and (ii) the Registration Documents relating to the Foreign Debt Registration referred to in (ii) of Condition 4(d), in each case as set forth in Condition 4(d); and
- (G) a “**Relevant Event**” will be deemed to occur if:
  - (i) there is a No Registration Event; or
  - (ii) there is a Change of Control Event.

*So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.*

**(d) Notice of redemption**

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice, and none of them shall be liable to Holders, the Issuer or any other person for not doing so.

(e) **Purchase**

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders and for the purposes of Condition 9, Condition 12(a) and Condition 13.

(f) **Cancellation**

All Certificates representing Bonds purchased by or on behalf of the Issuer and its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## 7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder’s “**registered account**” means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or any other clearing system through which the Bonds are held, each payment in respect of the Global Certificate will be made to the person shown as the Holder thereof in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

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

- (b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate is required to be but has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (and as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom and (iii) a Transfer Agent, in each case as approved in writing by the Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

## 8 TAXATION

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

Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 24 May 2022 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

- (a) **Other connection:** to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Tax Amounts on presenting or surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, charge, duty, assessments, government charges, withholding, deduction or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Bondholders or any other person to pay such tax, charge, duty, assessments, government charges, withholding, deduction or other payment in any jurisdiction or be responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the Bonds without withholding or deduction for or on account of any such tax, charge, duty, assessments, government charges, withholding, deduction or other payment imposed by or in any jurisdiction.

## 9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest.

An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any) on any of the Bonds when due or (ii) interest on any of the Bonds when due and such failure to pay interest continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 45 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$40,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any Principal Subsidiary and is not discharged or stayed within 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 45 days; or
- (f) **Insolvency:** the Issuer or any Principal Subsidiary is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or

a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any Principal Subsidiary as the case may be; or

- (g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the (i) purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any of its Subsidiaries, or (ii) a solvent winding up of any Principal Subsidiary other than the Issuer, or (iii) a disposal of a Principal Subsidiary on an arm's length basis; or
- (h) **Nationalisation:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiary or (ii) the Issuer or any Principal Subsidiary is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(g) (both inclusive).

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

- (a) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement, is at least 2.5 per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement, is at least 2.5 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least 2.5 per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Issuer; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer prepared for this purpose by or on behalf of the Issuer.

A certificate in English substantially in the form scheduled to the Trust Deed signed by any Authorised Signatory that, in the opinion of the Issuer, a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary, shall in the absence of manifest error be conclusive and binding on the Issuer and the Bondholders, and the Trustee shall be entitled to conclusively rely upon each such certificate without further investigation or verification and without liability to the Bondholders or any other person for such reliance.

## **10 PRESCRIPTION**

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

## **11 REPLACEMENT OF CERTIFICATES**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **12 MEETINGS OF HOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE**

### **(a) Meetings of Holders**

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing and/or an Electronic Consent will be binding on all Bondholders, whether or not they participated in such written resolution and/or such Electronic Consent.

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

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement which in its opinion is not materially prejudicial to the interest of the Bondholders, and (ii) any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16. The Trustee may request and conclusively rely upon any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning compliance with the above conditions in respect of any modification, waiver and/or amendment.

**(c) Entitlement of the Trustee**

In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

**13 ENFORCEMENT**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 14 INDEMNIFICATION OF THE TRUSTEE

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

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

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution or clarification of any directions, and the Trustee shall be entitled to rely on any such direction or clarification (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds) and shall not be responsible or liable for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction or certification where the Trustee is seeking such directions or clarification of any directions from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, directions, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any of the Agents shall have any obligation to monitor or take any steps to ascertain compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and none of them shall be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries (or any of them), and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## **15 FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the Registration Condition and for the making of the NDRC Post-issue Reporting and the filing of the Bonds under the Foreign Debt Registration) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further bonds shall be constituted by a deed supplemental to the Trust Deed.

## **16 NOTICES**

All notices to the Holders will be valid if mailed to them by uninsured mail at their respective addresses in the Register (and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or public holiday) after the date of mailing).

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System (as defined in the Global Certificate), notices to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions.*

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

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

## 18 GOVERNING LAW AND JURISDICTION

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

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

### (b) **Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed, irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

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

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

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

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

The Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system through which the Bonds are held (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

### **Calculation of Interest**

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

### **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System,

for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

### **Meetings**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

### **Authentication**

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

### **Bondholder's Redemption**

The Bondholder's redemption option in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in that Condition.

### **Issuer's Redemption**

The options of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that Condition.

### **Transfers**

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

### **Cancellation**

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer and/or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

### **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of then Bonds in respect of which the Global Certificate is issued.

## **USE OF PROCEEDS**

The gross proceeds from the offering of the Bonds will be U.S.\$207,000,000. After deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the Bonds, the Issuer intends to use the proceeds from this offering for repayment of the Group's existing indebtedness and general corporate purposes.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total borrowings (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2021 and adjusted to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering:

|  | Actual            |                  | As adjusted       |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | RMB (million)     | U.S.\$ (million) | RMB (million)     | U.S.\$ (million) |
| <b>Current indebtedness:</b>                         |                   |                  |                   |                  |
| Short-term borrowings                                |                   |                  |                   |                  |
| (excluding interests payable) . . . . .              | 813.60            | 127.67           | 813.60            | 127.67           |
| Interest-bearing other current liabilities . . . . . | 4,127.87          | 647.75           | 4,127.87          | 647.75           |
| Interest-bearing non-current liabilities             |                   |                  |                   |                  |
| due within 1 year . . . . .                          | 14,477.94         | 2,271.91         | 14,477.94         | 2,271.91         |
| Total current indebtedness . . . . .                 | <u>19,419.41</u>  | <u>3,047.33</u>  | <u>19,419.41</u>  | <u>3,047.33</u>  |
| <b>Non-current indebtedness:</b>                     |                   |                  |                   |                  |
| Long-term borrowings . . . . .                       | 17,877.88         | 2,805.43         | 17,877.88         | 2,805.43         |
| Bonds payable . . . . .                              | 26,611.40         | 4,175.91         | 26,611.40         | 4,175.91         |
| Interest-bearing long-term payables . . . . .        | 3,413.06          | 535.58           | 3,413.06          | 535.58           |
| Bonds to be issued . . . . .                         | –                 | –                | 1,319.13          | 207.00           |
| Total non-current indebtedness . . . . .             | <u>47,902.34</u>  | <u>7,516.92</u>  | <u>49,221.47</u>  | <u>7,723.92</u>  |
| Total indebtedness . . . . .                         | <u>67,321.75</u>  | <u>10,564.25</u> | <u>68,640.88</u>  | <u>10,771.25</u> |
| Total equity . . . . .                               | <u>42,203.28</u>  | <u>6,622.62</u>  | <u>42,203.28</u>  | <u>6,622.62</u>  |
| Total capitalisation <sup>(1)</sup> . . . . .        | <u>109,525.03</u> | <u>17,186.87</u> | <u>110,844.16</u> | <u>17,393.87</u> |

*Notes:*

- (1) Total capitalisation represents the sum of total current indebtedness, total non-current indebtedness and total equity.
- (2) Based on the exchange rate of RMB6.3726 to U.S.\$1.00, the noon buying rate in effect on 30 December 2021 as set forth in the H.10 weekly statistical release of the Board of the Governors of the Federal Reserve System of the United States.

Except as disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2021.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is a state-owned enterprise located in the Hechuan District of Chongqing. The Group primarily focuses on project development and construction and the administration of state-owned assets within the Hechuan District. The Group's main business segments include (i) land consolidation, development and resettlement and (ii) urban infrastructure construction. The Group also derives revenue from businesses such as water supply and sewage treatment and gravel mining. Prior to the 2021 Asset Exchange (as defined below), the Group also operated a merchandise sales business.

The Group is the sole management and operation platform authorised by the Chongqing Hechuan District Government for undertaking land consolidation, development and resettlement works, urban infrastructure construction (including social security housing), water supply and sewage treatment, and gravel mining in the Hechuan District. The Group and its subsidiaries are entrusted by relevant local authorities to engage in the development of industrial parks and the construction of urban infrastructure and water conservation projects according to the overall plan of the Chongqing Hechuan District Government. As such, the Group is an important entity engaged in land consolidation in the Chongqing Hechuan District.

As at the date of this Offering Circular, the registered capital of the Group is RMB5 billion. The Group is directly owned by the Hechuan SAMC (being the governmental entity responsible for managing state-owned assets in the Hechuan District) and CDB Development Fund, which have a 98.3904% and 1.6096% shareholding in the Group, respectively.

### HISTORY AND DEVELOPMENT

The Issuer was established in October 2002 as Hechuan City Construction Investment Co., Ltd. (合川市城市建設投資有限公司) pursuant to the Approval by the People's Government of Hechuan Regarding the Establishment of Hechuan City Construction Investment Co., Ltd (合川市人民政府關於成立合川市城市建設投資有限公司的批覆(合川府[2002]46號)). At the time of its establishment, the Issuer's total registered capital was RMB200,000,000. The Issuer received its initial capital contribution from the Hechuan SAMC in the form of land use rights over a 1,532,166 mu area of land in the Dongcheng District in Hechuan.

The following table sets out certain key corporate historical events and milestones during the Group's development:

|            |   |
|------------|---|
| 2003 ..... | In June 2003, the Group's sole shareholder changed from the Hechuan SAMC (then known as the Hechuan State-owned Assets Administration Office (合川市國有資產管理辦公室)) to the Hechuan County Government.  |
| 2007 ..... | In March 2007, the Group changed its name from Hechuan City Construction Investment Co., Ltd. to Chongqing Hechuan City Construction Investment Co., Ltd. (重慶市合川區城市建設投資有限公司) and its shareholder changed from the Hechuan County Government to the Chongqing Hechuan District Government. |

In December 2007, pursuant to the Chongqing Hechuan District Urban Construction Investment Co., Ltd. Contributor Resolution (重慶市合川區城市建設投資有限公司出資人決議), the Chongqing Hechuan District Government agreed to the transfer of a number of companies, including Chongqing Hechuan Urban Construction Engineering Co., Ltd. (重慶市合川城市建設工程有限公司) (“**Hechuan Urban Construction Engineering**”), Chongqing Hechuan Jiangcheng Industrial Co., Ltd. (重慶市合川江城實業有限公司) (“**Hechuan Jiangcheng**”), Chongqing Hechuan Tourism Development Co., Ltd. (重慶市合川旅遊發展有限公司) (“**Hechuan Tourism**”), Chongqing Hechuan Traffic Construction Development Co., Ltd. (重慶市合川交通建設發展有限公司) (“**Hechuan Traffic Construction**”) and Chongqing Hechuan Culture Broadcasting and Television Co., Ltd. (重慶市合川文化廣電傳播有限公司) (“**Hechuan Broadcasting**”), to the Group. The Group also changed its name from Chongqing Hechuan City Construction Investment Co., Ltd. to Chongqing Hechuan City Construction Investment (Group) Co., Ltd. (重慶市合川城市建設投資(集團)有限公司).

2009 ..... In December 2009, pursuant to the Reply of the People’s Government of Hechuan District of Chongqing Municipality on the Increase of Registered Capital of Hechuan City Investment (Group) Co., Ltd. (重慶市合川區人民政府關於合川城投(集團)公司增加註冊資本的批覆(合川府[2009]204號)), the Chongqing Hechuan District Government approved the increase of the Issuer’s registered capital to RMB1.50 billion, comprising of RMB226.06 million in land use rights and approximately RMB1,073.94 million in capital reserves contributions from the Chongqing Hechuan District Government.

2015 ..... In June 2015, the Chongqing Hechuan District Government transferred its entire shareholding in the Group to the Hechuan SAMC (following the transfer, the shareholder was then known as Chongqing Hechuan State-owned Assets Management Office (重慶市合川區國有資產管理辦公室) (“**Hechuan SAMO**”)).

2016 ..... In March 2016, pursuant to the Notice on the Increase of Registered Capital of Hechuan City Investment (Group) Co., Ltd. (關於合川城投(集團)公司增加註冊資本的通知(合川府[2016]35號)) and the Reply on the Agreement to Amend the Company’s Articles of Association (關於同意修改公司章程的批覆(合川國資[2016]45號)), the Chongqing Hechuan District Government and the Hechuan SAMC agreed to a RMB90 million cash injection into the Issuer by the CDB Development Fund.

As part of the injection, the Group entered into an investment agreement with the CDB Development Fund which sets out the terms of the injection as follows:

- (i) the total investment amount is RMB90 million;
- (ii) the investment term is seven years, starting from the first payment of capital by the CDB Development Fund;

- (iii) during the term of the agreement, any investment income acquired by the CDB Development Fund through cash dividends, premiums on equity transfers shall be calculated based on a return on investment of 1.2% per year; and
- (iv) following the end of the investment term, the CDB Development Fund will have the option to purchase the shares in the Issuer with the ability to require the Hechuan Finance Bureau to accept the CDB Development Fund's shareholding in the Group. However, the Group understands that the CDB Development Fund does not intend to exercise this option and will instead either sell its shareholding to other state-owned enterprises in the Hechuan District or exit from its stake entirely by 2022.

Following the injection by the CDB Development Fund, the Issuer's registered capital increased to RMB1.59 billion, with Hechuan SAMC and CDB Development Fund having a 94.34% and 5.66% shareholding in the Group, respectively.

In December 2016, the Hechuan SAMC agreed to transfer each of its (i) 100% shareholding in Chongqing Hechuan Industrial Investment (Group) Co., Ltd. (重慶市合川工業投資(集團)有限公司) (“**Hechuan Industrial Investment**”), (ii) 95.88% shareholding in Hechuan Rural Agriculture Investment (Group) Co., Ltd. (重慶市合川農村農業投資(集團)有限公司) (“**Hechuan Agriculture Investment**”), (iii) 100% shareholding in Chongqing Hehua Development Investment Co., Ltd. (重慶合華開發投資有限公司) (“**Hehua Development**”) and (iv) 38.46% shareholding in Chongqing Hechuan Logistics and Railway Development Investment Co., Ltd. (重慶市合川物鐵開發投資有限公司) (“**Hechuan Logistics and Railway**”), to the Group for a consideration equivalent to the aggregate total net asset value of the four target companies as at 30 April 2016. The Hechuan SAMC also approved the Issuer's conversion of its RMB4.48 billion in paid up share capital into shares, thereby increasing the Issuer's total registered capital to RMB5 billion. Following the increase, the respective shareholdings of Hechuan SAMC and CDB Development Fund in the Issuer was 98.20% and 1.80%.

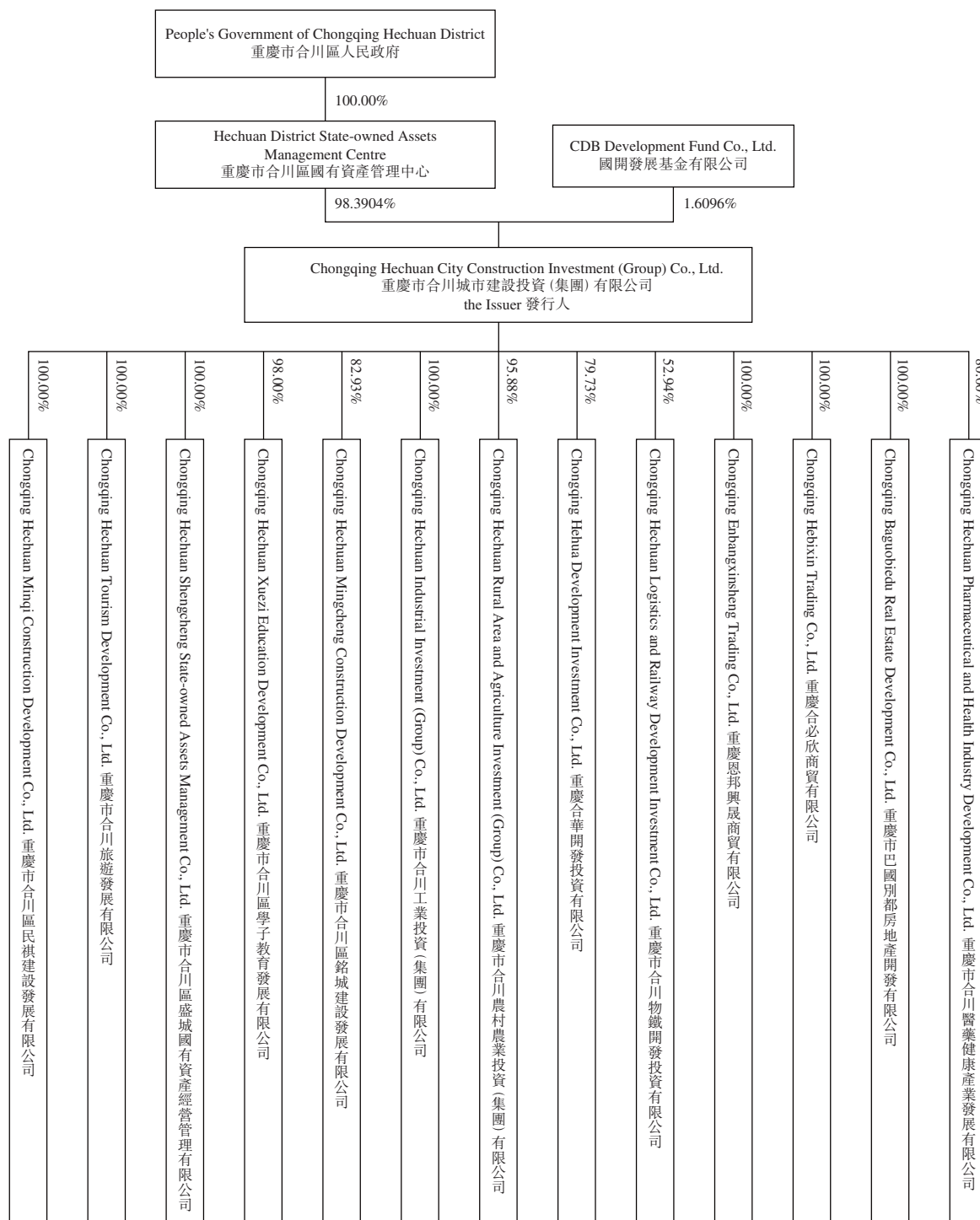
- 2019 ..... In January 2019, pursuant to the Adjustment Plans for Institutions above the Deputy Division Level in Hechuan District of Chongqing (重慶市合川區副處級以上事業單位調整方案(合川委編委發[2019]1號), Hechuan SAMO was renamed the Chongqing Hechuan District State-owned Assets Preservation and Value-added Operation Center (重慶市合川區國有資產保質增值營運中心) (“**Hechuan SAPVOC**”).
- 2020 ..... In May 2020, pursuant to the Notice on the Institutional Compilation Plan of Chongqing Hechuan District State-owned Assets Management Centre (關於印發重慶市合川區國有資管管理中心機構編制方案的通告), Hechuan SAPVOC was renamed the Hechuan SAMC.

In December 2020, pursuant to the shareholders resolutions of the Issuer, CDB Development Fund agreed to transfer 0.1904% of its shares in the Issuer to Hechuan SAMC. Following the transfer, the respective shareholdings of Hechuan SAMC and the CDB Development Fund in the Issuer was 98.3904% and 1.6096%.

2021 ..... Pursuant to the Notice of the State-owned Assets Supervision and Administration Commission of Hechuan District of Chongqing on Matters Relating to Equity Transfers (Hechuan Guozhi Qi [2021] No. 52 (合川國資企(2021)52號)), (i) the Group transferred 60% of its equity interests in Chongqing Tianyuxingchen Supply Chain Services Co., Ltd. (重慶天宇星辰供應鏈服務有限公司) (“**Tianyuxingchen**”) to Chongqing Jiafurui Enterprise Management Co., Ltd. (重慶嘉涪瑞企業管理有限公司) at nil consideration; and (ii) Hechuan SAMC transferred 80% of its equity interest in Chongqing Hechuan Pharmaceutical and Health Industry Development Co., Ltd. (重慶市合川醫藥健康產業發展有限公司) (“**Hechuan Pharmaceutical**”) to the Group at nil consideration (the “**2021 Equity Transfer**”).

## ORGANISATIONAL STRUCTURE

The chart below illustrates the simplified corporate structure of the Group as at the date of this Offering Circular:



**Note:**

Please see “Description of the Group — History and Development” for a description of the changes in the Issuer’s subsidiaries pursuant to the 2021 Equity Transfer.

## COMPETITIVE STRENGTHS

The Group believes that its success and prospects are primarily attributable to the following competitive strengths:

### *Well-positioned to leverage on the geostrategic significance of Chongqing and the Hechuan District*

The Group is strategically located in Chongqing, which is the only municipality under the direct administration of the central PRC government in Western China. Chongqing was named as one of the “National Central Cities” in 2010, a term proposed by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) for a selected number of leading cities that are in charge of leading the economic, political and cultural developments in the PRC. Being an international city and an economic, financial, technological, shipping and commercial logistics centre in the upper Yangtze River area, Chongqing recorded a GDP of RMB2,789.40 billion and a GDP year on year growth rate of 8.3% for the year ended 31 December 2021.

The Hechuan District is situated in the northwest part of Chongqing and borders the eastern part of Sichuan Province. Due to its strategic location, the Hechuan District plays a vital role in the cross-regional integration of Chongqing and Sichuan in the Chengdu-Chongqing Economic Zone (成渝經濟區), which is the most economically developed region in Western China. The Hechuan District also plays a key role in the “Belt and Road Initiative” (一帶一路) by acting as an entryway and economic corridor to facilitate the development of provinces in North-west China such as Shaanxi and Gansu. It has been recognised as a national health district and an ecologically civilised model city and was nominated as a modern civilised district. Due to its geographical location, Hechuan District is a regional transportation hub in Chongqing, a major waterway transportation hub in Western Chongqing, and is the largest regional goods distribution centre in Chongqing. The first station of the Chongqing-Xinjiang-Europe International Railway (渝新歐鐵路) is situated in the Hechuan District and serves as the base for Chongqing to further develop its northern areas. The GDP of the Hechuan District has seen a steady increase from RMB91.25 billion in 2019 to RMB97.24 billion in 2020 to RMB97.34 billion in 2021, representing a 8.9%, 2.5% and 0.2% year on year increase, respectively. As a result, the GDP per capita of the Hechuan District has seen an increase from RMB64,284 in 2019 to RMB77,699 in 2020 to RMB78,380 in 2021, representing a 26.1%, 20.9% and 0.9% year on year increase, respectively. For the years ended 31 December 2019, 2020 and 2021, the Hechuan District’s general public revenue amounted to RMB4.15 billion, RMB4.21 billion and RMB6.63 billion, respectively.

The Hechuan District has experienced considerable change over the past decade. It has implemented an innovation and technology driven development strategy and has become a leader in the information security and equipment manufacturing industries in China. The Hechuan District also includes a number of industrial parks such as the Hechuan Industrial Park, which is one of six high-tech industrial development zones in Chongqing. Within the Hechuan Industrial Park, the Tianding Group (工業園區天頂組團) has been granted approval for a National Industrial Automobile Demonstration Site (國家新型工業化汽車產業示範基地) and the Information Security Industrial City (信息安全產業城) has been approved as a Municipal-level Special Industrial Site (市級特色產業基地). In 2018, the Hechuan District also successfully hosted the 2018 China International Intellectual Property Fair, which assisted in the district’s transformation. The Hechuan District’s industrial development is in line with the national development strategy and has seen steady financial support and subsidies from superior governmental entities over the past few years, from RMB5.16 billion in 2019 to RMB6.09 billion in 2020 to RMB4.10 billion in 2021. The Hechuan District recorded a GDP of RMB97.39 billion in 2021, ranking 10th among the 38 districts and counties in Chongqing.

Pursuant to the “13th Five-year Plan for Economic and Social of the PRC” (中華人民共和國國民經濟和社會發展第十三個五年規劃綱要), the Hechuan District will participate in and leverage on national

strategies such as the “Belt and Road Initiative” and the “Yangtze River Economic Belt” (黃河經濟帶) to strengthen its function as a key member of the Northwest Chongqing logistics hub, to develop and integrate with Chongqing’s main urban area, and to serve as a centre to develop emerging industries. The Group expects to continue benefiting from the sustained development of the Hechuan District and investment into the district’s construction industry.

#### ***Abundance of saleable land at its disposal***

As at 31 December 2021, the Group has land reserves of approximately 25,015.62 mu. With the rapid development of the Hechuan District’s economy, the speed and scale of the district’s urban construction has continued to expand. As a result, the land and property sale and rental prices have steadily increased. As at 31 December 2021, the Group has total land rights worth approximately RMB25.28 billion, with most of the lands situated in attractive locations with high appreciation potential. The Group’s land transfer prices have exceeded RMB2.50 million per mu in 2021. The majority of the Group’s existing projects are 60-70% completed, with the remaining works requiring relatively little input from the Group before they can be sold in the market at a healthy profit margin. The Group expects to leverage on its wealth of land resources to sustain its growth and development.

#### ***Strong support from the controlling shareholder***

Since its establishment, the Group has obtained strong support from its controlling shareholder, the Hechuan SAMC, which is part of the Chongqing Hechuan District Government, through the injection of capital and assistance in obtaining land use and mining rights. This has and will continue to provide the Group with strong support for its future development. The Chongqing Hechuan District Government has also granted the Group land use rights to the Diaoyucheng scenic attraction, which is the only attraction to be recognised as a “National Scenic Attraction” and “National Important Heritage Site” and the Laitan Old City, which was recognised as one of “China’s Top Ten Historical and Cultural Ancient Town”.

The Group is involved in the construction and development of key industrial parks in Hechuan District, and plays an active role in promoting regional and, consequentially, national economic growth. As the Group’s businesses feature high initial capital outlays and long construction cycles, the Chongqing Hechuan District Government and Hechuan Finance Bureau have provided the Group with financial support in the form of special subsidies, tax refunds and interest subsidies. In 2021, the Group received approximately RMB1.05 billion from the Chongqing Hechuan District Government bond funds (政府債券資金). From 2019 to 2021, the Group received a total of approximately RMB4.62 billion from the Chongqing Hechuan District Government bond funds. As at 31 December 2019, 2020 and 2021, the Group received subsidies of approximately RMB173.07 million, RMB237.52 million and RMB429.70 million, respectively, which were important contributions to the Group’s operating income. As at 31 December 2019, 2020 and 2021, the Group received capital injections from the Hechuan SAMC of approximately RMB1.97 billion, RMB5.60 billion and RMB9.61 billion, respectively, which enhanced the Group’s financial strength.

In addition, the Group and certain of its subsidiaries enjoy corporate income tax incentives from the PRC government. Pursuant to the “Notice of Approval for Reduction and Exemption of Taxes” (Hechuan Guoshui Jian [2012] No. 515)《減、免稅批准通知書》(合川國稅減[2012]515號) published by the Chongqing Hechuan District State Taxation Administration, the Group has been paying a corporate tax rate of 15% since 1 January 2011 due to its role in the development of the western district of Chongqing. Pursuant to the “Notice Regarding Filing the Reduction and Exemption of Taxes” (He Dishui Chengnan Jianmian Bei [2012] No. 22)《減免稅備案通知書》(合地稅城南減免備[2012]22號) published by the Chengnan Taxation Office of Chongqing Hechuan District State Taxation Administration, Hechuan Agriculture Investment has been paying a corporate tax rate of 15% since 1 January 2011. Pursuant to the “Notice Regarding Taxation Affairs” (He Guoshui Nanjin Tong Zi [2012] No. 241)《稅務事項通知》(合國稅南津通字[2012]241號) published by the Nanjin Taxation Office of Chongqing Hechuan District

State Taxation Administration, from 1 January 2011 to 31 December 2020, Hechuan Industrial Investment pays a corporate tax rate of 15%.

Since its establishment, the Group has received the following capital injections, land-use rights and other assets from the government:

- In 2016, (i) pursuant to the Notice of the People's Government of Chongqing Hechuan on Converting Local Government Bond Funds to Capital Investment (Hechuan Fu (2016) No. 190) (重慶市合川區人民政府關於將地方政府債券資金轉為資本性投入的通知(合川府(2016)190號文)), the Group received RMB2.71 billion in government bond funds; and (ii) pursuant to the Notice of the People's Government of Chongqing Hechuan District on Matters Concerning the Injection of Capital (Hechuan Fu (2016) No. 189) (重慶市合川區人民政府關於注入資本有關事宜的通知(合川府(2016)189號)), the Chongqing Hechuan Finance Bureau injected RMB301 million from the sale of the Agricultural Innovation Park into the Group's capital reserves.
- In 2017, the Chongqing Hechuan District Government injected a total value of RMB895 million into the Group via government exchange bond funds, direct capital injection and various land assets.
- In 2018, (i) the Group received RMB393 million from the Chongqing Hechuan Finance Bureau in designated project funds; (ii) the Group received RMB9.97 million in fixed assets from the Hechuan SAMO; and (iii) the Chongqing Hechuan Finance Bureau injected RMB1.01 billion in government bond funds into the Group as capital reserves.
- In 2019, the Chongqing Hechuan Finance Bureau injected RMB951 million into the Group via designated project funds, government bond funds, direct capital and asset injections.
- In 2020, the Chongqing Hechuan District Government and the Chongqing Hechuan Finance Bureau injected RMB945 million into the Group via government bond funds, designated project funds, direct capital and equity injections.

#### ***Dominant market position in its core business segments***

As the sole operational and management platform for land consolidation, development and resettlement, urban infrastructure construction, water supply, sewage treatment and gravel mining in the Hechuan District, the Group is a monopoly entrusted by relevant local authorities to engage in the development of industrial parks, urban infrastructure construction and water conservation construction in accordance with the overall plan of the Chongqing Hechuan District Government. The Group has a proven track record in land consolidation, development and resettlement projects.

The business of the Group covers the main urban areas of the Hechuan District and the core areas such as the Nanxi area, Tianding area and Weituo area of the Hechuan Industrial Park. Its water supply and sewage treatment business covers almost all of the towns and streets and over 70% of the population in the Hechuan District (apart from the three sub-districts under the jurisdiction of the Chongqing Municipality). As these core areas of the Hechuan Industrial Park continue to progress towards the goal of becoming the modern manufacturing base for Chongqing, the Group will have opportunities to further expand its business and benefit from construction and development in the region.

#### ***Diversified funding sources***

Through its close cooperation with large financial institutions, the Group has established good working relationships with, among others, China Development Bank, Agriculture Development Bank of China and Agricultural Bank of China. As at 31 December 2021, the Group had a total credit limit of RMB61.33

billion from financial institutions, of which RMB47.92 billion was utilised. The Group also had a total credit limit of RMB11.28 billion from policy banks, of which RMB6.17 billion was utilised. In recent years, the Group has also been actively diversifying its sources of direct financial funding, such as through issuing enterprise debt, corporate bonds and other debt financing instruments, having raised over RMB37.70 billion cumulatively over the past three years. The Group's strong external financing capabilities provide robust support to its continuous development and strategies whilst alleviating cash flow and default risk.

***Experienced and professional management team with a comprehensive corporate governance structure and risk management system***

The Group has accumulated a wealth of experience through years of operating in urban infrastructure construction and land consolidation, development and resettlement. It has attracted, trained and retained a substantial number of highly-educated and experienced managers and specialists, and formulated a series of efficient management procedures to lower capital expenditure, quality maintenance, and shorten construction cycles. The Group's strong management capabilities can ensure the effective time, quality and cost control of multiple projects at the same time.

Furthermore, the Group has formulated a comprehensive set of rules and regulations covering all aspects of the Group's businesses. Such rules and regulations encompass financial management, budgeting management, external financing management, external guarantees management, connected transactions management, subsidiaries management, investment management, information disclosure management, internal audit and emergency events management.

**STRATEGIES**

The Group aims to strengthen its advantageous position by implementing the following strategies:

***Focus on strengthening and developing its core business segments***

The Group will continue to focus on the businesses of infrastructure construction and land consolidation in the future. The Group expects to continue being the only infrastructure construction and land consolidation investment and financing entity in the Hechuan District which engages in urban infrastructure construction such as public rental housing and low-cost housing construction.

The Group will uphold its management policy of "driving innovation, operating in a stable manner, adhering to integrity and branding development" to promote corporate innovation and perseverance, develop a people-oriented management philosophy and work towards the goal of becoming a top tier corporation. The Group will continue to attach great importance to talent, procedures, branding and culture to strengthen and prepare itself to play a greater role in the economic and social development of the Hechuan District.

***Improve its financing capabilities and explore new business opportunities***

The Group will focus on improving its efficiency in operating its capital and will continue to establish construction and financing platforms to provide a strong momentum for regional construction and development projects. The Group will also continue to diversify its financing methods and enhance its financing capabilities.

The Group is strategically positioning itself in the medium to long term up to 2029 to further the social development and financial investment in the Hechuan District, and is aligning its operations and capital requirements accordingly. It will continue to work towards providing a positive investment environment to the district's urbanisation and infrastructure construction.

## THE GROUP'S BUSINESS

The Group's main business segments include (i) land consolidation, development and resettlement and (ii) urban infrastructure construction. The Group also derives revenue from businesses such as water supply and sewage treatment and gravel mining. Prior to the 2021 Equity Transfer, the Group also operated a merchandise sales business.

The following table sets forth a breakdown of the Group's total operating revenue by business segment for the periods indicated:

|  | Year ended 31 December     |               |                            |               |                            |               |
|--|----------------------------|---------------|----------------------------|---------------|----------------------------|---------------|
|  | 2021                       |               | 2020                       |               | 2019                       |               |
|  | Amount<br>(RMB<br>million) | % of total    | Amount<br>(RMB<br>million) | % of total    | Amount<br>(RMB<br>million) | % of total    |
| <b>Principal businesses</b> . . . . .  | <b>4,860.25</b>            | <b>95.94</b>  | <b>6,520.67</b>            | <b>98.87</b>  | <b>6,672.36</b>            | <b>98.44</b>  |
| Land consolidation, development and<br>resettlement <sup>(1)</sup> . . . . . | 2,921.91                   | 57.68         | 3,100.83                   | 47.02         | 3,024.70                   | 44.63         |
| Urban infrastructure construction . . . . .                                  | 1,040.72                   | 20.54         | 1,457.80                   | 22.10         | 2,315.81                   | 34.17         |
| Merchandise sales <sup>(2)</sup> . . . . .                                   | 751.86                     | 14.84         | 1,820.48                   | 27.60         | 1,061.56                   | 15.66         |
| Gravel mining . . . . .  | 92.71                      | 1.83          | 107.45                     | 1.63          | 115.15                     | 1.70          |
| Water supply . . . . .   | 20.28                      | 0.40          | 22.29                      | 0.34          | 17.50                      | 0.26          |
| Others . . . . .   | 32.78                      | 0.65          | 11.83                      | 0.18          | 137.64                     | 2.03          |
| <b>Ancillary Businesses</b> . . . . .  | <b>205.77</b>              | <b>4.06</b>   | <b>74.53</b>               | <b>1.13</b>   | <b>105.51</b>              | <b>1.56</b>   |
| Rent . . . . .   | 103.47                     | 2.04          | 49.32                      | 0.75          | 63.42                      | 0.94          |
| Installation business . . . . .  | 13.60                      | 0.27          | 13.93                      | 0.21          | 5.79                       | 0.09          |
| Sales from real estates . . . . .  | 76.95                      | 1.52          | –                          | –             | 25.90                      | 0.38          |
| Others . . . . .   | 11.75                      | 0.23          | 11.29                      | 0.17          | 10.40                      | 0.15          |
| <b>Total</b> . . . . .   | <b>5,066.02</b>            | <b>100.00</b> | <b>6,595.21</b>            | <b>100.00</b> | <b>6,777.87</b>            | <b>100.00</b> |

Note:

- (1) Consists of the Group's (i) land consolidation and development business and (ii) resettlement business.
- (2) Following the 2021 Equity Transfer, the Group has ceased to operate its merchandise sales business.

### Land Consolidation, Development and Resettlement

#### Overview

The Group primarily operates its land consolidation, development and resettlement business through the Issuer and two of its subsidiaries, namely Hechuan Industrial Investment and Hechuan Agriculture Investment. The Group focuses on the consolidation and development of lands reserved by the Chongqing Hechuan District Government and provides services including land expropriation, demolition and relocation, planning and designing, infrastructure construction, public facilities construction and environmental landscaping.

Each of the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment focuses on different areas and types of projects in Hechuan as follows:

- *Issuer*: primarily focuses on projects in the urban areas of the Hechuan District;
- *Hechuan Industrial Investment*: focuses on developing the core areas of the Hechuan Industrial Park (合川工業園區核心區), the Comprehensive Industrial Park of Northern City (城北綜合產業園區), the Cao Street Industrial Park (草街工業區) and the Agricultural Innovation Park (農創園區), among others; and

- *Hechuan Agriculture Investment*: focuses on the development of both urban and rural areas with a particular emphasis on agricultural lands. Hechuan Agriculture Investment is engaged in projects to (i) improve farmland efficiency through the elimination of ridges, pathways and water channels and (ii) reclaim rural construction land.

For the years ended 31 December 2019, 2020 and 2021 the Group generated operating revenue of RMB3.02 billion, RMB3.10 billion and RMB2.92 billion from its land consolidation, development and resettlement business, respectively, representing 44.63%, 47.02% and 57.68% of the Group's total operating revenues for the same periods, respectively. For the same periods, the Group generated gross profits of RMB1.07 billion, RMB0.57 billion and RMB0.67 billion respectively, with a gross profit margin of 35.23%, 18.29% and 22.88% respectively.

For the years ended 31 December 2019, 2020 and 2021 the Group completed works on and transferred 3,849.47 mu, 3,084.40 mu and 1,785.36 mu of land under its land consolidation, development and resettlement business.

### ***Business Model***

In accordance with the overall development and land supply plan of the Hechuan District, the Chongqing Hechuan District Government has entrusted the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment with the responsibility of executing the land consolidation, development and resettlement projects in the district. During the construction and development period, the scope of work includes land acquisition, demolition, resettlement, compensation and land consolidation. Once the land is ready to be listed for public auction, the Chongqing Hechuan District Planning and Natural Resources Bureau, which is responsible for examining and approving the assignment of state-owned land use rights, will arrange for reclamation of the land from the Group.

The land consolidation, development and resettlement model primarily consists of three stages: (1) entering into land development agreements (2) undertaking the land consolidation, development and resettlement project and (3) recognising the revenue and expenses.

#### *(1) Entering into land development agreements*

The Chongqing Hechuan District Government has entered into a "Chongqing Hechuan District Entrusted Construction Agreement" (重慶市合川區委託代建協議書) with the Issuer and Chongqing Hechuan Agriculture Investment. The agreement sets out, among other things, (i) the Issuer's responsibility for development work in the urban areas of Hechuan District and (ii) Hechuan Agriculture Investment's responsibility for developing land in the rural areas and parts of the urban areas of Hechuan District. The administrative committee of the Hechuan Industrial Park (合川工業園區管委會) (the "**Hechuan Industrial Park Committee**") and the Hechuan Industrial Investment have also entered into an Entrustment Agreement for Land Expropriation, Consolidation and Development (委託徵收整治土地協議), which specifies Hechuan Industrial Investment as the sole party appointed to undertake consolidation and development works in respect of the projects specified in the agreements and sets out information such as the location and total area of the project, the relevant project criteria, the project transfer method and the Group's management fees.

#### *(2) Undertaking the land consolidation, development and resettlement project*

Each of the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment manages and operates each project in strict compliance with applicable regulations. The preliminary works of the project are first carried out by the planning and design department of the relevant entity. These works include: (i) conducting project surveys, producing project designs and drafting and

preparing working plans; (ii) completing feasibility study reports and project site selection papers; and (iii) obtaining approvals for red-line drawings, project proposals, land use planning permits and environmental impact assessment reports.

Each of the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment selects contractors through a tender process to undertake the construction works. The contractors are tasked with, among other things, environmental landscaping and infrastructure construction works such as land levelling, road paving and constructing water supply and power supply facilities. During the construction process, the projects are supervised by the engineering administration department of Hechuan Industrial Investment. On each project, the engineering administration department manages the contractors and supervisors and oversees the quality control, production safety and cost and progress control. In respect of any resettlement, land expropriations and demolition works, such works are managed by the supervisory department of the Chongqing Hechuan District Government with the relevant Group entity reimbursing any expenses incurred by the department.

The budget and cost control for each project are managed by the relevant cost control department of the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment. The department coordinates with the relevant audit institutions to carry out audit work on the projects. Each of the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment has developed a comprehensive management system which combines both internal and external audits to track the work progress at each stage of the project. They ensure that audits are conducted strictly in accordance with relevant regulations and requirements, with special audits on major projects conducted by municipal and district audit institutions.

(3) *Recognition of revenue and expenses*

Upon completion of the land consolidation, development and resettlement works (including relevant infrastructure construction works) and inspection by the Chongqing Hechuan District Planning and Natural Resources Bureau, the Issuer and Hechuan Agriculture Investment (as the case may be) will transfer the developed land to the relevant department of the Hechuan District Government while Hechuan Industrial Investment will transfer its developed land to the Hechuan Industrial Park Committee.

Each of the Issuer and Hechuan Agriculture Investment prepares a summary of the transferred land on an annual basis, which is then submitted to the Chongqing Hechuan District Government for consideration. They will also prepare and enter into an entrusted land consolidation and settlement letter (委託土地整理結算函) with the Chongqing Hechuan District Government. In determining the fees payable to the Issuer or Hechuan Agriculture Investment, an appointed audit institution will first be asked to determine the costs incurred. The Chongqing Hechuan District Government will then take into account factors such as the location of the land and other market factors in determining the profit mark-up, which is typically 35%-50% of the project costs. The Issuer and Hechuan Agriculture Investment will normally receive all outstanding payments within one to five years.

Hechuan Industrial Investment prepares a land consolidation cost confirmation sheet (土地整治成本確認表) on an annual basis. The cost confirmation sheet provides a summary of the costs incurred on projects which have been completed and transferred that year to the Hechuan Industrial Park Committee. The costs are reviewed and confirmed by the administrative committee following which, the administrative committee will confirm the Group's fees. Such fees include both the expenses incurred by the Group and a profit mark-up which, since 2018, has typically been set at 15% of the project costs. Once the fees are confirmed, the Group will recognise the amount as income under the land consolidation segment for that financial year with payment to be received by the Group within one to five years.

## Completed Projects

The following tables set forth the completed land consolidation, development and resettlement projects by the Group for the years ended 31 December 2019, 2020 and 2021:

For the year ended 31 December 2019

| Responsible Entity                                    | Land  | Size<br>(sq.m.)     | Development Period | Repayment Period | Invested Amount<br>(RMB'0000) | Recognised Income Amount<br>(RMB'0000) | Amount Repaid<br>(RMB'0000) | Repayment Plan for the Next Three Years |                  |                  |
|---|---|---------------------|--------------------|------------------|-------------------------------|--|-----------------------------|---|------------------|------------------|
|   |   |                     |                    |                  |                               |  |                             | 2022                                    | 2023             | 2024             |
| Issuer . . . .  | Certificate of Premises 2009 Zi No. 01787     | 33,333.35           | 2009-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10535     | 43,474.02           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10534     | 42,880.02           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10533     | 46,492.02           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10532     | 46,080.02           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10530     | 40,160.02           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 10545     | 58,370.03           | 2008-2019          | 2019-2024        | 17,807.16                     | 65,567.20                              | 25,957.61                   | 16,391.80                               | 10,545.79        | 12,672.00        |
|   | Certificate of Premises 2008 Zi No. 04776     | 11,705.00           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 04512     | 42,914.00           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 04513     | 31,790.00           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2008 Zi No. 04352     | 34,354.00           | 2008-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2009 Zi No. 13999     | 17,779.00           | 2009-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Certificate of Premises 2009 Zi No. 14002     | 15,949.00           | 2009-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Heyang City Street Hehua Road Area            | 111,600.01          | 2013-2019          | 2019-2024        | 49,438.12                     | 68,637.40                              | 24,324.89                   | 18,700.00                               | 11,020.51        | 14,592.00        |
| Hechuan<br>Agriculture<br>Investment .                | Certificate of Premises (2013) No. 02523      | 87,428.00           | 2013-2019          | 2019-2024        | 18,740.08                     | 24,588.16                              | 12,570.51                   | 3,800.00                                | 2,649.65         | 5,568.00         |
|   | Certificate of Premises (2013) No. 02519      | 58,396.00           | 2013-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | 204 Certificate of Premises 2014 Zi No. 18320 | 16,340.00           | 2014-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | 204 Certificate of Premises 2014 Zi No. 18329 | 50,710.00           | 2014-2019          | 2019-2024        | 12,630.51                     | 11,000.00                              | 5,075.79                    | 1,650.00                                | 1,730.21         | 2,544.00         |
|   | 204 Certificate of Premises 2014 Zi No. 18285 | 8,653.00            | 2014-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | 204 Certificate of Premises 2005 Zi No. 04529 | 10,496.00           | 2005-2019          | 2019-2024        | 1,034.56                      |  |                             |   |                  |                  |
|   | 204 Certificate of Premises 2005 Zi No. 04531 | 10,157.00           | 2005-2019          | 2019-2024        | 478.9                         |  |                             |   |                  |                  |
| 204 Certificate of Premises 2005 Zi No. 04534         | 15,101.00                                     | 2005-2019           | 2019-2024          | 712.01           | 22,323.49                     | 10,272.12                              | 5,580.87                    | 2,025.70                                | 4,444.80         |                  |
| 204 Certificate of Premises 2005 Zi No. 04535 . . . . | 15,148.00                                     | 2005-2019           | 2019-2024          | 714.23           |                               |  |                             |   |                  |                  |
| Hechuan<br>Logistics<br>and Railway                   | Xiaomian plot                                 | 62,045.98           | 2016-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
|   | Weituo Block                                  | 10,000.05           | 2016-2019          | 2019-2024        | 3,111.42                      | 3,241.89                               | 1,647.05                    | 580                                     | 362.04           | 652.80           |
|   | Taihe plot                                    | 39,160.20           | 2016-2019          | 2019-2024        |                               |  |                             |   |                  |                  |
| Hechuan<br>Industrial<br>Investment .                 | Core Area                                     |                     | 2016-2019          | 2019-2024        | 78,997.55                     | 90,847.18                              | 25,523.30                   | 24,169.44                               | 24,169.44        | 16,985.00        |
|   | North City Development Area                   | 1,605,808.03        | 2016-2019          | 2019-2024        | 3,154.00                      | 3,627.11                               | 1,303.67                    | 725.42                                  | 743.62           | 845.40           |
|   | Grass Street Development Area                 |                     | 2016-2019          | 2019-2024        | 10,989.28                     | 12,637.68                              | 5,162.18                    | 2,527.54                                | 2,270.28         | 2,677.68         |
| <b>Total . . . . .</b>                                |   | <b>2,566,323.74</b> |                    |                  | <b>197,807.83</b>             | <b>302,470.10</b>                      | <b>111,837.12</b>           | <b>74,125.07</b>                        | <b>55,517.24</b> | <b>60,990.68</b> |

For the year ended 31 December 2020

| Responsible Entity    | Land  | Size                | Development Period | Repayment Period | Invested Amount   | Recognised Income Amount | Amount Repaid   | Repayment Plan for the Next Three Years |                  |                  |
|-----------------------|---|---------------------|--------------------|------------------|-------------------|--------------------------|-----------------|---|------------------|------------------|
|                       |   |                     |                    |                  |                   |                          |                 | 2022                                    | 2023             | 2024             |
|                       |   | (sq.m.)             |                    |                  | (RMB'0000)        | (RMB'0000)               | (RMB'0000)      | (RMB'0000)                              |                  |                  |
| Issuer                | Liangting Pianqu  | 22,767.45           | –                  | –                | 13,539.59         | 18,697.52                | 1,404.00        | 4,580.00                                | 4,630.00         | 4,041.76         |
|                       | Diaoyucheng   | 375,835.21          | 2016-2020          | 2020-2025        | 49,880.45         | 64,132.01                | 2944.79         | 13,467.72                               | 14,109.04        | 16,805.23        |
| Hechuan               | Certificate of Premises 2006 Zi No. 03214                     | 19,186.76           | 2016-2020          | 2020-2025        | 4,428.70          | 6,643.05                 | 172.72          | 1,395.04                                | 1,461.47         | 1,806.91         |
| Agriculture           | Certificate of Premises 2010 Zi No. 03973                     | 46,693.57           | 2016-2020          | 2020-2025        | 9,073.67          | 13,610.51                | 353.87          | 2,858.21                                | 2,994.31         | 3,702.06         |
| Investment            | Certificate of Premises 2009 Zi No. 07160                     | 9,920.05            | 2016-2020          | 2020-2025        | 2,626.17          | 3,939.25                 | 102.42          | 827.24                                  | 866.64           | 1,071.48         |
|                       | Certificate of Premises 2009 Zi No. 07880                     | 9,553.38            | 2016-2020          | 2020-2025        | 2,333.89          | 3,500.83                 | 91.02           | 735.17                                  | 770.18           | 952.23           |
|                       | Certificate of Premises 2009 Zi No. 07881                     | 7,053.37            | 2016-2020          | 2020-2025        | 1,473.28          | 2,209.92                 | 57.46           | 464.08                                  | 486.18           | 601.10           |
|                       | Certificate of Premises 2009 Zi No. 07151                     | 8,520.04            | 2016-2020          | 2020-2025        | 2,081.87          | 3,122.80                 | 81.19           | 655.79                                  | 687.02           | 849.40           |
|                       | Certificate of Premises 2009 Zi No. 07156                     | 15,273.41           | 2016-2020          | 2020-2025        | 3,826.73          | 5,740.09                 | 149.24          | 1,205.42                                | 1,262.82         | 1,561.31         |
|                       | Certificate of Premises 2006 Zi No. 03213                     | 15,420.08           | 2016-2020          | 2020-2025        | 3,559.54          | 5,339.31                 | 138.82          | 1,121.26                                | 1,174.65         | 1,452.29         |
|                       | Certificate of Premises 2005 Zi No. 03260                     | 13,233.40           | 2016-2020          | 2020-2025        | 504.3             | 756.46                   | 19.67           | 158.86                                  | 166.42           | 205.76           |
|                       | Yu (2019) Hechuan District Real Estate Property No. 000765679 | 56,709.00           | 2016-2020          | 2020-2025        | 34,390.16         | 42,531.75                | 1,105.83        | 8,931.67                                | 9,356.99         | 11,568.63        |
|                       | Tongxi, Longshi, etc Land.                                    | 8,650.00            | 2016-2020          | 2020-2025        | 753.39            | 990.71                   | 25.95           | 209.59                                  | 219.57           | 267.80           |
| Hechuan               | Certificate of Premises 2016 Zi No. 110218                    | 92,997.00           | 2016-2020          | 2020-2025        | 26,209.54         | 26,401.62                | 686.44          | 5,544.34                                | 5,808.36         | 7,181.24         |
| Logistics and Railway |   |                     |                    |                  |                   |                          |                 |   |                  |                  |
| Hehua                 | BAIC Yinxiang Plot  | 249,059.33          | 2016-2020          | 2020-2025        | 33,054.89         | 36,905.94                | 906.44          | 7,750.25                                | 8,119.31         | 10,064.97        |
| Development           |   |                     |                    |                  |                   |                          |                 |   |                  |                  |
| Hechuan               | Core Area   | 754,027.62          | 2016-2020          | 2020-2025        | 45,220.38         | 52,090.02                | 1,104.31        | 7,813.50                                | 10,418.00        | 16,377.11        |
| Industrial            | North City Development Area                                   | 350,198.93          | 2016-2020          | 2020-2025        | 20,341.13         | 23,392.30                | 495.92          | 3,508.85                                | 4,678.46         | 7,354.54         |
| Investment            | Grass Street Development Area                                 | 1,178.99            | 2016-2020          | 2020-2025        | 68.48             | 78.75                    | 1.67            | 11.81                                   | 15.75            | 24.76            |
| <b>Total</b>          |   | <b>2,056,277.59</b> |                    |                  | <b>253,366.16</b> | <b>310,082.84</b>        | <b>9,841.76</b> | <b>61,238.79</b>                        | <b>67,225.16</b> | <b>85,888.56</b> |

For the Year ended 31 December 2021

| Responsible Entity                       | Land   | Size                | Development Period | Repayment Period | Invested Amount   | Recognised Income Amount | Amount Repaid   | Repayment Plan for the Next Three Years |                  |                  |
|--|--|---------------------|--------------------|------------------|-------------------|--------------------------|-----------------|---|------------------|------------------|
|  |  |                     |                    |                  |                   |                          |                 | 2022                                    | 2023             | 2024             |
|  |  | (sq.m.)             |                    |                  | (RMB'0000)        | (RMB'0000)               | (RMB'0000)      | (RMB'0000)                              |                  |                  |
| Hechuan Agriculture Investment . . . . . | Real Estate Certificate 2010 Word No.03961                           | 55,731.00           | 2010-2021          | 2021-2025        | 12,865.72         | 19,111.22                | 1,297.75        | 4,453.37                                | 4,453.37         | 4,453.37         |
|  | 204 Certificate of Premises 2005 Word No. 03271                      | 8,005.00            | 2010-2021          | 2021-2025        | 475.90            | 706.92                   | 48.00           | 164.73                                  | 164.73           | 164.73           |
|  | 204 Certificate of Premises 2005 Word No. 03275                      | 8,009.00            | 2010-2021          | 2021-2025        | 531.96            | 790.19                   | 53.66           | 184.13                                  | 184.13           | 184.13           |
|  | 204 Certificate of Premises No. 2007 No. 12177                       | 24,075.00           | 2010-2021          | 2021-2025        | 2,131.97          | 3,166.91                 | 215.05          | 737.97                                  | 737.97           | 737.97           |
|  | 204 Certificate of Premises No. 2007 No. 12179                       | 27,858.00           | 2010-2021          | 2021-2025        | 3,832.31          | 5,692.65                 | 386.56          | 1,326.52                                | 1,326.52         | 1,326.52         |
|  | 204 Certificate of Premises 2010 Word No. 03964                      | 32,453.00           | 2010-2021          | 2021-2025        | 7,491.91          | 11,128.76                | 755.70          | 2,593.26                                | 2,593.26         | 2,593.26         |
|  | 204 Certificate of Premises No. 2009 No. 06356                       | 17,109.00           | 2010-2021          | 2021-2025        | 1,765.43          | 2,622.44                 | 178.08          | 611.09                                  | 611.09           | 611.09           |
|  | Yu (2019) Hechuan District Real Estate Property No. 000629620        | 1,364.00            | 2010-2021          | 2021-2025        | 90.18             | 133.95                   | 9.10            | 31.21                                   | 31.21            | 31.21            |
|  | 204 Certificate of Premises No. 2006 No. 02927                       | 10,052.00           | 2010-2021          | 2021-2025        | 2,310.40          | 3,431.95                 | 233.05          | 799.73                                  | 799.73           | 799.73           |
|  | 204 Certificate of Premises No. 2006 No. 02928                       | 19,861.00           | 2010-2021          | 2021-2025        | 4,564.95          | 6,780.95                 | 460.46          | 1,580.12                                | 1,580.12         | 1,580.12         |
|  | 204 Certificate of Premises No. 2008 No. 04200                       | 49,100.00           | 2010-2021          | 2021-2025        | 2,513.92          | 3,734.27                 | 253.58          | 870.17                                  | 870.17           | 870.17           |
|  | 204 Certificate of Premises 2010 Word No. 03965                      | 26,965.00           | 2010-2021          | 2021-2025        | 1,682.62          | 2,499.42                 | 169.72          | 582.42                                  | 582.42           | 582.42           |
|  | 204 Certificate of Premises No. 2008 No. 02695                       | 44,873.00           | 2010-2021          | 2021-2025        | 3,004.70          | 4,463.29                 | 303.08          | 1,040.05                                | 1,040.05         | 1,040.05         |
|  | 204 Certificate of Premises No. 2008 No. 02687                       | 31,441.00           | 2010-2021          | 2021-2025        | 2,341.76          | 3,478.54                 | 236.21          | 810.58                                  | 810.58           | 810.58           |
| Issuer . . . . .                         | Between Jiabin Road and Huatan Avenue, Huatan Area, Hechuan District | 47,133.33           | 2010-2021          | 2021-2025        | 6,255.52          | 8,757.72                 | 185.26          | 2,143.11                                | 2,143.11         | 2,143.11         |
|  | Huatan Area, Diaoyucheng Street                                      | 114,080.00          | 2010-2021          | 2021-2025        | 15,140.65         | 21,196.91                | 448.41          | 5,187.13                                | 5,187.13         | 5,187.13         |
|  | Huatan Area, Diaoyucheng Street                                      | 90,953.33           | 2010-2021          | 2021-2025        | 12,071.29         | 16,899.81                | 357.51          | 4,135.58                                | 4,135.58         | 4,135.58         |
|  | East side of Co-run School 1st Road                                  | 79,833.33           | 2010-2021          | 2021-2025        | 36,135.95         | 50,590.33                | 1,070.21        | 12,380.03                               | 12,380.03        | 12,380.03        |
|  | Zhoujiazhuang Security Housing Phase II HC14-001-19                  | 27,773.33           | 2010-2021          | 2021-2025        | 7,111.20          | 9,955.68                 | 210.61          | 2,436.27                                | 2,436.27         | 2,436.27         |
| Hehua Development . . . . .              | BAIC Yinxiang Plot   | 331,590.79          | 2010-2021          | 2021-2025        | 26,912.94         | 29,741.26                |                 | 7,435.32                                | 7,435.32         | 7,435.32         |
| Hechuan Pharmaceutical . . . . .         | HC18-003-39 Plot   | 23,363.00           | 2018-2021          | 2021-2025        | 1,491.78          | 1,493.28                 |                 | 373.32                                  | 373.32           | 373.32           |
| <b>Total . . . . .</b>                   |  | <b>1,071,623.11</b> |                    |                  | <b>150,723.06</b> | <b>206,376.45</b>        | <b>6,872.00</b> | <b>49,876.11</b>                        | <b>49,876.11</b> | <b>49,876.11</b> |

## Ongoing Projects

The following tables set forth the ongoing land consolidation, development and resettlement projects by the Group as at 31 December 2021:

| Land   | Size             | Development Period | Repayment Period | Planned Investment Amount | Invested Amount     | Investment Plan for the Next Three Years |                  |                  |
|--|------------------|--------------------|------------------|---------------------------|---------------------|--|------------------|------------------|
|  |                  |                    |                  |                           |                     | 2022                                     | 2023             | 2024             |
|  | (Mu)             |                    |                  | (RMB'0000)                | (RMB'0000)          | (RMB'0000)                               |                  |                  |
| Yucheng Village, Fishing Office, Hechuan District            | 416.00           | 2011-2021          | 2022-2026        | 38,307.00                 | 38,209.67           | 97.33                                    | -                | -                |
| Hechuan District Fishing Office Small Tower                  | 411.00           | 2009-2022          | 2023-2027        | 37,787.00                 | 37,365.87           | 421.13                                   | -                | -                |
| Foer Village, Fishing Office, Hechuan District               | 1,965.00         | 2008-2023          | 2024-2028        | 180,742.00                | 175,789.48          | 2,652.80                                 | 2,299.72         | -                |
| Nanjin Sub-district Office, Hechuan District                 | 921.00           | 2010-2022          | 2023-2027        | 84,768.00                 | 83,933.80           | 366.00                                   | 468.20           | -                |
| Laitan Town, Hechuan District                                | 695.00           | 2018-2024          | 2025-2029        | 36,140.00                 | 17,377.87           | 7,165.00                                 | 6,500.00         | 5,097.13         |
| The core area of Hechuan District Industrial Park            | 13,065.00        | 2016-2024          | 2024-2028        | 597,229.40                | 578,624.11          | 6,201.76                                 | 6,201.76         | 6,201.76         |
| Hechuan District Industrial Park City North Development Zone | 1,725.00         | 2018-2024          | 2025-2028        | 69,015.00                 | 85,944.25           | -  | -                | -                |
| Caojie Development Zone, Industrial Park, Hechuan District   | 809.00           | 2017-2023          | 2024-2028        | 32,376.00                 | 32,901.11           | -  | -                | -                |
| <b>Total</b>   | <b>20,007.00</b> |                    |                  | <b>1,076,364.40</b>       | <b>1,050,146.16</b> | <b>16,904.02</b>                         | <b>15,469.68</b> | <b>11,298.89</b> |

## Planned Projects

The following tables set forth the planned land consolidation, development and resettlement projects by the Group as at 31 December 2021:

| Land                           | Size          | Planned Investment Amount | Invested Amount | Investment Plan for the Next Three Years |                 |          |
|--------------------------------|---------------|---------------------------|-----------------|--|-----------------|----------|
|                                |               |                           |                 | 2022                                     | 2023            | 2024     |
|                                | (Mu)          | (RMB'0000)                | (RMB'0000)      | (RMB'0000)                               |                 |          |
| Qiantang Town                  | 73.58         | 6,240.00                  | 2,365.80        | 1,320.00                                 | 1,234.20        | -        |
| Longshi Town, Hechuan District | 49.79         | 3,980.00                  | 1,331.20        | 1,025.00                                 | 878.80          | -        |
| <b>Total</b>                   | <b>123.37</b> | <b>10,220.00</b>          | <b>3,697.00</b> | <b>2,345.00</b>                          | <b>2,113.00</b> | <b>-</b> |

## Urban Infrastructure Construction

### Overview

The Group is the sole platform undertaking urban infrastructure projects in the Hechuan District. The Group and its subsidiaries undertake key urban infrastructure construction projects within the Hechuan District in accordance with the overall plan of the Chongqing Hechuan District Government. The urban infrastructure construction business is primarily undertaken by the Group through the Issuer, Hechuan Industrial Investment, Hechuan Agriculture Investment, Hehua Development, Hechuan Logistics and Railway and Hechuan Pharmaceutical.

Each of the Issuer, Hechuan Industrial Investment, Hechuan Agriculture Investment, Hehua Development, Hechuan Logistics and Railways and Hechuan Pharmaceutical is entrusted by different parties and focuses on different areas and types of projects in Hechuan as follows:

- *Issuer*: entrusted by the Hechuan Finance Bureau and primarily focuses on projects in the urban districts of Hechuan District;
- *Hechuan Industrial Investment*: entrusted by the Hechuan Industrial Park Committee and focuses on projects in the core areas of the Hechuan Industrial Park (合川工業園區核心區), the Comprehensive Industrial Park of Northern City (城北綜合產業園區), the Cao Street Industrial Park (草街工業區) and the Agricultural Innovation Park (農創園區);
- *Hechuan Agriculture Investment*: entrusted by the Hechuan Finance Bureau and focuses on projects outside the urban area of Hechuan District. Hechuan Agriculture Investment is engaged in (i) sewage treatment plant upgrading and improvement projects and (ii) dam and drainage system construction projects;
- *Hehua Development*: entrusted by the Hechuan Tianding Industrial Park Committee (合川工業園區天頂組團管委會) and focuses on projects in the Tianding Industrial Park (天頂工業園區), among others;
- *Hechuan Logistics and Railway*: entrusted by Hechuan Finance Bureau and focuses on projects in the Weituo Industrial Park (渭沱工業園區); and
- *Hechuan Pharmaceutical*: entrusted by the Hechuan Industrial Park and focuses on projects in the Hechuan District Medicine and Health Industrial Park Area (合川區醫藥健康產業園區域).

For the years ended 31 December 2019, 2020 and 2021, the Group generated operating revenue of RMB2.32 billion, RMB1.46 billion and RMB1.04 billion, respectively from its urban infrastructure construction business representing 34.17%, 22.10% and 20.54% of the Group's total operating revenues for the same periods, respectively. For the same periods, the Group generated gross profits of RMB292.83 million, RMB177.85 million and RMB140.22 million, respectively, with a gross profit margin of 12.65%, 12.20% and 13.47%, respectively.

### ***Business Model***

The Group primarily adopts the agent construction model for its infrastructure construction projects. For each project, the Group will enter into an agent construction agreement with relevant government entities, and will be responsible for, among other things: (i) the preliminary feasibility study and design, (ii) coordination and management during the construction and transfer process, and (iii) management of the construction process according to the approved construction scale, construction contents, technical standards and requirements.

Under the agent construction model, the Group submits an application to the entrusting party on an annual basis for the allocation of funds in accordance with construction schedules and investment plans. The agreed amount is then documented in a Project Completion Schedule Confirmation Form (工程完工進度確認表), which is signed by both parties. Upon completion of the project and in accordance with relevant project management regulations, the entrusting party will arrange for the project to be accepted and submit an audit report to the Hechuan District Audit Office for settlement of the final fees to the Group. The total settlement amount is typically determined based on the total final costs of the project with an additional profit mark-up and requires the unanimous recognition of the entrusting party, the Group and the supervisory department. The profit mark-up for the Issuer, Hechuan Industrial Investment and Hechuan Agriculture Investment is approximately 8% and the profit mark-up for Hehua Development, Hechuan Logistics and Railway and Hechuan Pharmaceutical is approximately 15%.

The Group may also receive funding support from the Chongqing Hechuan District Government during the course of the project. Upon the completion and acceptance and transfer of the project by the entrusting party, the entrusting party will usually arrange for payment to be made to the Group in instalments over a period of two to three years.

### Completed Projects

The table below sets forth the completed urban infrastructure construction projects developed by the Group as at 31 December 2021:

| Project Name  | Planned Years of Construction | Payment Period | Planned Total Investment | Invested Amount   | Contract Total Amount | Settled Amount    | Contract Payment Plan for the Next Three Years |                   |                   |
|---|-------------------------------|----------------|--------------------------|-------------------|-----------------------|-------------------|--|-------------------|-------------------|
|   |                               |                |                          |                   |                       |                   | 2022   | 2023              | 2024              |
|   |                               |                | (RMB'0000)               | (RMB'0000)        | (RMB'0000)            | (RMB'0000)        | (RMB'0000)                                     |                   |                   |
| Reconstruction Project of Route 212 . . . . .                                       | 2011-2014                     | 2014-2023      | 32,000.00                | 23,670.00         | 26,037.00             | 13,581.92         | 5,785.08                                       | 6,670.00          | -                 |
| Reconstruction Project of Yanjing Road to Dajian Road Part A . . . . .              | 2011-2014                     | 2014-2022      | 8,600.00                 | 8,484.00          | 9,332.00              | 9,332.00          | -  | -                 | -                 |
| Chongqing Hechuan Binjiang Road and Binjiang Environmental Project . . . . .        | 2011-2014                     | 2014-2023      | 24,000.00                | 23,840.00         | 26,224.00             | 13,752.04         | 5,206.96                                       | 7,265.00          | -                 |
| Nanjing Jialing River Bridge . . . . .  | 2011-2014                     | 2014-2023      | 35,000.00                | 34,091.00         | 37,500.00             | 20,226.60         | 8,555.40                                       | 5,718.00          | 3,000.00          |
| Construction Project of Tunnel to downtown Hechuan District . . . . .               | 2008-2013                     | 2014-2024      | 34,000.00                | 33,555.00         | 36,910.00             | 19,538.40         | 9,001.60                                       | 4,370.00          | 4,000.00          |
| Comprehensive Improvement Project of City Arterial Streets Phase II . . . . .       | 2011-2013                     | 2014-2023      | 23,500.00                | 23,000.00         | 25,300.00             | 13,168.20         | 6,634.80                                       | 5,497.00          | -                 |
| Hechuan District Afforestation Construction Project . . . . .                       | 2008-2014                     | 2014-2025      | 37,500.00                | 37,037.00         | 40,741.00             | 18,510.00         | 7,857.00                                       | 7,000.00          | 3,600.00          |
| Infrastructure Construction Project of Huatan International New City Area . . . . . | 2012-2016                     | 2016-2024      | 200,000.00               | 186,796.98        | 201,804.00            | 167,155.62        | 19,323.38                                      | 11,325.00         | 4,000.00          |
| Infrastructure Construction Project of Bailu Mountain Area . . . . .                | 2012-2017                     | 2018-2025      | 78,062.94                | 77,470.94         | 92,383.38             | 26,610.00         | 19,826.80                                      | 18,000.00         | 17,361.00         |
| Infrastructure Construction Project of Higher Vocational Education Area . . . . .   | 2012-2016                     | 2018-2025      | 133,818.00               | 147,199.80        | 166,201.00            | 9,118.00          | 26,512.04                                      | 55,751.00         | 43,520.00         |
| Infrastructure Construction Project of Xiaoxi Area . . . . .                        | 2012-2017                     | 2018-2025      | 75,000.00                | 71,132.00         | 86,443.00             | 17,870.00         | 30,273.00                                      | 16,520.00         | 13,480.00         |
| Hechuan People's Hospital . . . . .   | 2011-2015                     | 2018-2025      | 120,000.00               | 117,131.00        | 130,004.00            | 14,854.62         | 35,574.00                                      | 32,580.00         | 27,420.00         |
| Nine Roads and Four Bridges, Section 1 . . . . .                                    | 2015-2020                     | 2022-2024      | 19,550.90                | 19,550.90         | 22,483.54             | -                 | 7,494.51                                       | 7,494.51          | 7,494.52          |
| <b>Total</b> . . . . .  |                               |                | <b>821,031.84</b>        | <b>802,958.62</b> | <b>901,362.92</b>     | <b>343,717.40</b> | <b>182,044.57</b>                              | <b>178,190.51</b> | <b>123,875.52</b> |

## Ongoing Projects

The table below sets forth the main ongoing urban infrastructure construction projects of the Group as at 31 December 2021:

| Project Name   | Planned Years of Construction | Payment Period | Planned Total Investment | Invested Amount   | Deployable Capital | Investment Plan for the Next Three Years |                  |                  |  |
|--|-------------------------------|----------------|--------------------------|-------------------|--------------------|--|------------------|------------------|--|
|  |                               |                |                          |                   |                    | 2022                                     | 2023             | 2024             |  |
|  |                               |                | (RMB'0000)               | (RMB'0000)        | (RMB'0000)         | (RMB'0000)                               |                  |                  |  |
| Relocation of Affected Area of Cao Street Avionics Hub Project . . . . .   |                               |                |                          | 130,554.00        |                    |  |                  |                  |  |
| Demolition of towns relating to Cao Street Avionics Hub Project . . . . .  | 2010-2023                     | 2021-2028      | 180,000.00               | 34,091.00         | 141,924.00         | 10,749.00                                | 4,607.00         | –                |  |
| China Micro Automobile Accessories Industry Base . . . . .   | 2016-2024                     | 2020-2025      | 149,200.00               | 74,177.00         | 32,094.00          | 30,000.00                                | 25,000.00        | 20,023.00        |  |
| Infrastructure Construction Project of Farmer Pioneer Park Phase I . . . . .   | 2010-2023                     | 2020-2025      | 250,000.00               | 239,719.00        | 75,000.00          | 5,654.00                                 | 4,626.00         | –                |  |
| Road Construction Project of Dongjialiang Bridge, Yaoyuan Avenue and Jiankang Avenue in Chemical Industry Park . . . . . | 2011-2022                     | 2020-2025      | 108,655.00               | 104,951.00        | 38,474.00          | 3,704.00                                 | –                | –                |  |
| Railway Station Square and its Underground Shopping Centre . . . . .   | 2013-2022                     | 2021-2026      | 69,000.00                | 63,095.00         | 22,950.00          | 5,905.00                                 | –                | –                |  |
| Hechuan Qujiang Greenway . . . . .   | 2016-2024                     | 2020-2025      | 36,300.00                | 20,491.00         | 10,890.00          | 7,719.00                                 | 2,100.00         | 5,990.00         |  |
| Qujiang Bridge . . . . .   | 2016-2024                     | 2020-2025      | 44,232.00                | 10,297.00         | 10,297.00          | 16,000.00                                | 8,855.00         | 9,080.00         |  |
| Relocation Project of Ruishan Middle School . . . . .  | 2016-2022                     | 2021-2026      | 55,000.00                | 50,418.00         | 16,500.00          | 4,582.00                                 | –                | –                |  |
| Relocation Project of Yanjing Middle School . . . . .  | 2016-2022                     | 2020-2025      | 39,200.00                | 34,845.00         | 24,510.00          | 4,355.00                                 | –                | –                |  |
| Guoxiang Road and other six roads near Huatan International New City . . . . .   | 2017-2023                     | 2021-2026      | 43,300.00                | 34,670            | 12,990.00          | 4,849.00                                 | 3,781.00         | –                |  |
| Reconstruction Projects of Huangqing Road and other external roads in Hechuan District . . . . .                         | 2017-2024                     | 2021-2026      | 61,774.00                | 22,270.00         | 18,532.20          | 19,477.00                                | 13,000.00        | 7,027.00         |  |
| Sanjiang Green Bank Greening Project . . . . .   | 2016-2024                     | 2022-2026      | 63,000.00                | 41,494.00         | 18,900.00          | 9,678.00                                 | 7,527.00         | 4,301.00         |  |
| Hechuan Vocational Education Center . . . . .  | 2019-2022                     | 2022-2026      | 18,000.00                | 12,253.00         | 5,400.00           | 5,747.00                                 | –                | –                |  |
| <b>Total . . . . .</b>   |                               |                | <b>1,117,661.00</b>      | <b>873,325.00</b> | <b>428,461.20</b>  | <b>128,419.00</b>                        | <b>69,495.00</b> | <b>46,421.00</b> |  |

### *Planned projects in the future*

The table below sets forth the Group's planned urban infrastructure construction projects as at 31 December 2021:

| Project Name  | Planned Years of Construction | Planned Total Investment<br>(RMB'0000) | Invested Amount<br>(RMB'0000) | Project Approval  | Investment Plan for the Next Three Years |                  |                  |
|---|-------------------------------|--|-------------------------------|---|--|------------------|------------------|
|   |                               |  |                               |   | 2022                                     | 2023             | 2024             |
| Huatan Jialing River Bridge Project (花灘嘉陵江大橋專案) . . . . . | 2021-2024                     | 82,864.00                              | 1,250.00                      | Hechuan Development and Reform Commission [2019] No. 70 合川發改發[2019]70 號 | 35,000.00                                | 25,000.00        | 21,614.00        |
| <b>Total</b> . . . . .                                    |                               | <b>82,864.00</b>                       | <b>1,250.00</b>               |   | <b>35,000.00</b>                         | <b>25,000.00</b> | <b>21,614.00</b> |

### **Merchandise Sales**

#### *Overview*

Prior to the 2021 Equity Transfer, the Group operated its merchandise sales business through its then majority-owned subsidiary, Tianyuxingchen and also through its 49% minority interest in Chongqing Huakun Technology Co., Ltd. (重慶華焜科技有限公司). Following the 2021 Equity Transfer, the Group has ceased to operate its merchandise sales business. For the years ended 31 December 2019, 2020 and 2021, the Group generated operating revenue of RMB1.06 billion, RMB1.82 billion and RMB0.75 billion from its merchandise sales business, respectively, representing 15.66%, 27.6% and 14.84% of the Group's total operating revenues for the same periods, respectively. For the same periods, the Group generated gross profits of RMB22.23 million, RMB48.71 million and RMB32.75 million respectively, with a gross profit margin of 2.09%, 2.68% and 4.36%, respectively.

#### *Business Model*

Under the merchandise sales business, the Group was able to leverage its creditworthiness, relatively strong bargaining power and funding advantages as a state-owned enterprise in providing key corporations in the Hechuan District with different kinds of goods. For each transaction, the Group enters into a goods purchase contract with the relevant customer. The contract will set out, among other things, the type and specification of the goods, the contract price, payment method, delivery and acceptance process, quality assurance and liability for breach of contract. The contract will also stipulate that payment will need to be paid, either in part or in full, within a few working days following the signing of the contract.

Once the contract has been signed, the Group will purchase the goods and make full payment to the relevant supplier. The supplier will arrange for delivery of the goods to an agreed warehouse and the Group and the customer will then inspect the goods and complete the acceptance procedures. The Group will then issue a VAT invoice for the full contract amount, which will typically need to be paid by the customer within four months.

The Group has implemented various measures to manage its operating risks in its merchandise sales business including: (i) carrying out sufficient due diligence on its client, its client's products and its client's upstream and downstream clients, which are mostly state-owned enterprises; (ii) joint control with the client over the procured raw materials, which are only delivered to the relevant client upon the Group's approval; and (iii) requiring clients to provide security over its assets such as security over the client's shares.

## **Other Businesses**

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

Chongqing Jiangcheng Water Co., Ltd. (“**Jiangcheng Water**”), a non-wholly-owned subsidiary of the Group, is responsible for the daily operation of the Group’s water supply, water installation and sewage treatment business. For the years ended 31 December 2019, 2020 and 2021, the Group generated operating revenue of RMB17.50 million, RMB22.29 million and RMB20.28 million from its water supply, water installation and sewage treatment business, respectively, representing 0.26%, 0.34% and 0.40%, of the Group’s total operating revenues for the same periods, respectively.

Jiangcheng Water’s water supply and water installation business encompasses the entire Hechuan District except for the Heyangcheng Sub-district Office, the Diaoyucheng Sub-district Office and the Nanjin Street Sub-district Office. As at 31 December 2021, Jiangcheng Water operated and managed 19 water plants with a daily water supply capacity of approximately 0.12 million tons. The majority of the water plants are located in towns and have a more limited daily water supply capacity and service range.

Jiangcheng Water is also engaged in a sewage treatment business. In recent years, Jiangcheng Water has acquired sewage treatment plants in various towns in the Hechuan District. As at 31 December 2021, Jiangcheng Water has completed the acquisition and construction of 23 sewage treatment plants. The sewage treatment services provided by Jiangcheng Water include a rapid infiltration process, an improved oxidation ditch process, an improved sequencing batch reactors (“**SBR**”) treatment and a biological double-efficiency process.

### ***Gravel Mining***

Pursuant to the Notice on Compensation for Land Resumption with River Gravel Mining Rights (Hechuan Guozi [2014] No. 127) (關於用河道砂石資源開採經營權補償被收回註銷土地資產的通知(合川國資[2014]127號)) issued by the Hechuan SAMC in September 2014, the Group’s wholly-owned subsidiary, Hechuan Agriculture Investment, has been granted regional exclusive gravel mining rights for a 50-year period on the river ways of Fu River, Qu River and Jialing River.

From 2015 to 2018, the Group has carried out its gravel mining business through subcontracting such rights to third parties. However, since December 2018, the Group has operated this business through its wholly-owned subsidiary Chongqing Guotuoyuan Building Materials Co., Ltd. (重慶市國拓原建材有限公司) and has purchased the necessary gravel transporting ships and constructed gravel storage sites.

For the years ended 31 December 2019, 2020 and 2021, the Group generated operating revenue of RMB115.15 million, RMB107.45 million and RMB92.71 million, respectively from its gravel mining business, representing 1.70%, 1.63% and 1.83% of the Group’s total operating revenues for the same periods, respectively.

### ***Others***

The Group also operated other businesses such as leasing, media advertisement and agricultural land reclamation.

### **Insurance**

The Group purchases insurance in amounts that it believes is consistent with its risk of loss and customary practice in the industries in which it operates. The Group purchases pension insurance, medical insurance, unemployment insurance, workplace injury insurance and maternity insurance for its employees pursuant to relevant PRC laws and regulations. The Group believes that its existing insurance

coverage is both reasonable and adequate. The Group's operations and assets still face threats from fire, floods, explosions, power outages and other natural disasters, which may have a significant adverse impact on the Group's financial position and operations.

### **Employees**

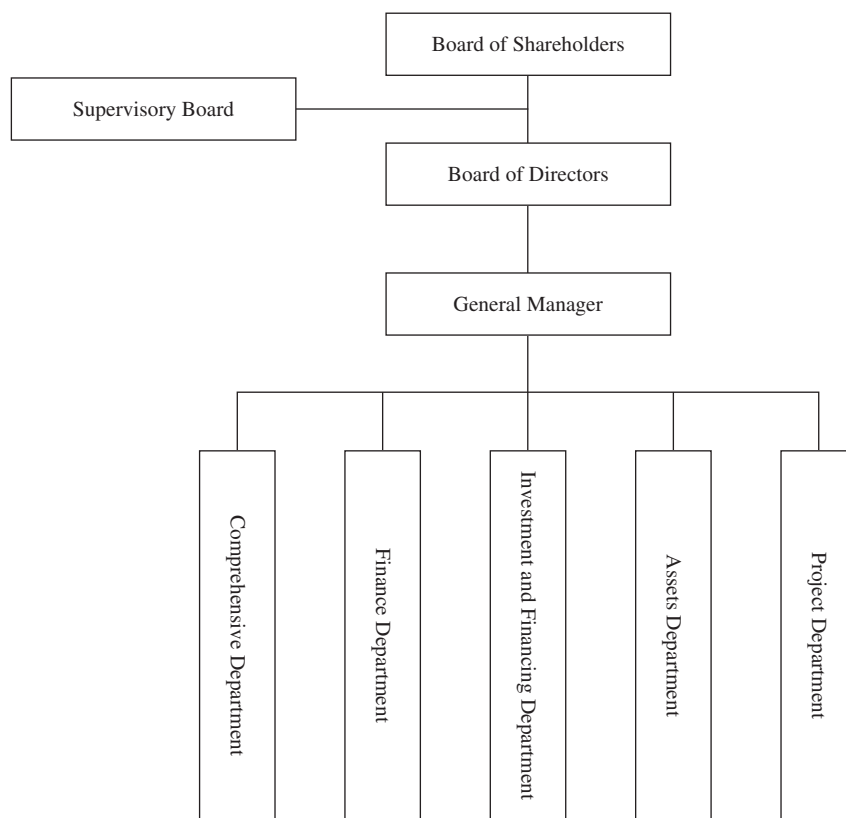
As at 31 December 2021, the Group had approximately 298 employees. The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as by creating opportunities for career growth. The Group has not previously experienced any work stoppages or strikes. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance for such employees.

### **Litigation**

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business. As at the date of this Offering Circular, save as disclosed in this Offering Circular, the Group is not aware of any material legal proceedings, investigations, claims, disputes, penalties or liabilities currently existing or pending against it that may have a material adverse impact on its business, financial condition or results of operations.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Group has set up a board of directors (the “**Board of Directors**”) and a supervisory committee and appointed general managers to oversee the management of the Group. The following chart sets out the simplified organisational structure for the Group as at the date of this Offering Circular:



### Directors

The Board of Directors of the Group currently consists of one chairman and six directors. Each of the directors other than the employee representative is appointed by the Hechuan SAMC. The employee representative is elected by the Group’s trade union congress. The directors’ term of office is three years, which may be renewed for another term of three years upon the expiration of the first term. The chairman of the Board is appointed by the Hechuan SAMC, with a three-year term of office.

The Board of Directors of the Group is responsible to the Hechuan SAMC and has the power to: (i) convene shareholder meetings and report the Group’s work to shareholders; (ii) implement resolutions of the shareholders meetings; (iii) decide on the business plan and investment plan of the Group; (iv) formulate the Group’s annual financial budget, including plans for profit distribution and loss recoupment; (v) devise the Group’s plans for mergers, disposals, dissolutions, increase or decrease of registered capital and bond issues; (vi) decide on the establishment of the Group’s internal management organisation; (vii) decide on the appointment or dismissal of the general manager, and based on the general manager’s recommendation, decide on the appointment or dismissal of the Group’s deputy general manager and chief financial officer, and also their remuneration; (viii) enact the principal management policies of the Group; and (ix) fulfil other duties required by the articles of association of the Group or general meetings of shareholders.

The members of the Board of Directors of the Group as at the date of this Offering Circular are as follows:

| Name                    | Age | Position  |
|-------------------------|-----|---|
| Mr LUO Zhongzheng (羅中正) | 56  | Chairman of the Board                                       |
| Ms JIANG Xin (蔣欣)       | 45  | Director, general manager and chief financial officer       |
| Mr ZHOU Xiaoxin (周曉欣)   | 43  | Director and deputy general manager                         |
| Mr XIONG Fajian (熊發建)   | 52  | Director and deputy general manager                         |
| Mr CAO Lin (曹林)         | 45  | Employee Director   |
| Ms ZHOU Qi (周琪)         | 39  | Employee Director   |
| Ms TANG Chunping (唐春平)  | 42  | Director, party committee member and deputy general manager |

The biographies of the Group's directors as at the date of this Offering Circular are as follows:

**Mr LUO Zhongzheng (羅中正)**, aged 56, is the chairman of the board of the Group. Mr Luo graduated from the Chongqing Second Finance and Trade School and holds a master's degree in Regional Economics. Prior to joining the Group, he served as director of the Agricultural Finance and Taxation Division of the Hechuan Municipal Finance Bureau and deputy director of the Hechuan Municipal (District) Audit Bureau. He also served as chairman of the board at Hechuan Agriculture Investment Group Co., Ltd., and director of Hechuan Water Resources Management Centre.

**Ms JIANG Xin (蔣欣)**, aged 45, is a director and the general manager of the Group. Ms Jiang graduated from the Southwest University School of Economics and Management and holds a master's degree in Rural and Regional Agricultural Development. She is a certified public accountant. She previously served as deputy general manager, chief accountant and chief financial officer at the Group. Prior to joining the Group, she served as accounting supervisor at Chongqing Huali Communication Equipment Co., Ltd., civil affairs assistant at Hechuan Cao Street Town Government, accountant at Hechuan Accounting Centre and financial controller at Hechuan City Construction Investment Co., Ltd.

**Mr ZHOU Xiaoxin (周曉欣)**, aged 43, is a director and deputy general manager of the Group. Mr Zhou graduated from the Chongqing Finance School and holds a bachelor's degree in Accounting and Computerisation. He previously served as chairman of the supervisory board of the Group. Prior to joining the Group, he served as clerk at Chongqing Hechuan Accounting Firm, clerk and later director at Hechuan District Medical Insurance Bureau, director of Hechuan District Institutions Endowment Insurance Service Center, and deputy director at Hechuan District Social Insurance Bureau.

**Mr XIONG Fajian (熊發建)**, aged 52, is a director and deputy general manager of the Group. Mr Xiong graduated from the Chongqing Lixin Accounting School and holds a bachelor's degree in Accounting. He previously served as assistant to the general manager at the Group. Prior to joining the Group, he served as director of the Accounting and Finance Division and chief accountant at Hechuan Transportation Bureau, general manager of Hechuan Road Construction and Development Co., Ltd., and general manager at Chongqing Hechuan City Construction Engineering Co., Ltd.

**Mr CAO Lin (曹林)**, aged 45, is the employee director of the Group. Mr Lin graduated from the Chongqing Business School and holds a bachelor's degree in Accounting. Prior to joining the Group, he served as an accountant at Hechuan District Longshi Middle School, accountant at the Accounting Appointment Centre of Chongqing Hechuan District, and finance minister of the Finance Department at Chongqing Hechuan City Construction Engineering Co., Ltd.

**Ms ZHOU Qi (周琪)**, aged 39, is the employee director of the Group. Ms Zhou graduated from the Chongqing Technology and Business University. Prior to joining the Group, she served as a director of Hechuan Tourism, and deputy director, secretary of the Youth Working Committee and employee supervisor of the Chongqing Hechuan Urban Construction Investment (Group) Co., Ltd.

**Ms TANG Chunping (唐春平)**, aged 42, is a director, party committee member and the deputy general manager of the Group. Ms Tang graduated from the Chongqing Technology and Business University. Prior to joining the Group, she served as accountant of the Agricultural Economic Station and the Finance Office of the People’s Government of Longxing Town, Hechuan District, staff member of the Land Reserve Remediation Center of Hechuan District and director of the Investment and Financing Center of the Government of Hechuan District.

## Supervisors

The Supervisory Board of the Group currently consists of five supervisors, including two employee supervisors and one chairman. Three of the supervisors are appointed by the Hechuan SAMC. The employee representatives are elected by the Group’s trade union congress. The proportion of employee representatives in the Supervisory Board shall be determined by the Hechuan SAMC, but in any event shall not be less than one third of the Supervisory Board. Each supervisor’s term of office is three years. Directors and senior management shall not concurrently serve as supervisors. The chairman of the Supervisory Board is appointed by the Hechuan SAMC.

The Board of Supervisors of the Group has the power to: (i) check the company’s finances; (ii) supervise the conduct of directors, managers and other senior management in performing their duties, and suggest the removal of directors, managers and other senior management who violate applicable laws, administrative regulations, the articles of association of the Issuer or any shareholders’ resolutions; (iii) demand remedies from a director or senior management when their acts are harmful to the company’s interests; and (iv) fulfil other legal requirements and other duties as stipulated by the articles of association of the Issuer.

The members of the Supervisory Board of the Group as at the date of this Offering Circular are as follows:

| Name                   | Age | Position                          |
|------------------------|-----|-----------------------------------|
| Mr JI Hong (吉紅)        | 48  | Chairman of the Supervisory Board |
| Mr GOU Xiaobo (苟小波)    | 38  | Supervisor                        |
| Mr CHEN Xiaolong (陳小龍) | 34  | Supervisor                        |
| Ms HE Hongying (何泓震)   | 39  | Employee Supervisor               |
| Ms QIN Lili (秦黎黎)      | 37  | Employee Supervisor               |

The biographies of the Group’s supervisors as at the date of this Offering Circular are as follows:

**Mr JI Hong (吉紅)**, aged 48, is the chairman of the Supervisory Board and director of the Comprehensive Department of the Group. Mr Ji graduated from Qinghai Normal University and holds a bachelor’s degree in Education. Prior to working in this position, he served as the deputy director of the Education Commission of Hechuan District, secretary of the Disciplinary Work Committee, and the head of the discipline inspection team of the Environmental Protection Bureau of Hechuan District

**Mr GOU Xiaobo (苟小波)**, aged 38, is a supervisor and director of the Project Department of the Group. Mr Gou graduated from the Chengdu University of Technology and holds a bachelor’s degree in Civil Engineering. Prior to joining the Group, he served as deputy director and director of the Municipal Department at Hechuan Urban Construction Engineering.

**Mr CHEN Xiaolong (陳小龍)**, aged 39, is a supervisor and secretary of the Communist Youth League of the Group. Mr Chen graduated from the Chongqing University of Arts and Sciences and holds a bachelor’s degree in Applied Mathematics. Prior to working in this position at the Group, he served as deputy secretary of the Communist Youth League Committee at the Group.

**Ms HE Hongying (何泓震)**, aged 39, is an employee supervisor and a senior engineer of the Group. Ms He graduated from the Chongqing Jiaotong University. Prior to joining the Group, she worked at Hechuan Transportation Construction Development Co., Ltd.

**Ms QIN Lili (秦黎黎)**, aged 37, is an employee supervisor of the Group. Ms Qin graduated from the Nanchang Institute of Technology. Prior to joining the Group, she served as accountant of Chongqing Hechuan District Educational Construction Engineering Co., Ltd., staff member of the Investment and Financing Department and Assets Department of Chongqing Hechuan Urban Construction Investment Group Co., Ltd., deputy secretary of the Youth League Committee of Chongqing Hechuan Urban Construction Investment Group Co., Ltd.

### Senior Management

The Group has one general manager and three deputy general managers. The general manager is appointed by the Board of Directors. Once approved by the Hechuan SAMC, directors may concurrently serve as a general manager. The general manager and deputy general managers are responsible to the Board of Directors.

The general manager has the power to: (i) manage the operations of the company and implementation of board resolutions; (ii) organise and implement the company's annual business and investment plans; (iii) formulate internal management organisation plans; (iv) draft management policies; (v) formulate regulations; (vi) make suggestions to nominate or dismiss a deputy general manager or the chief financial officer; (vii) appoint or dismiss management other than those that should be appointed or dismissed by the Board of Directors; and (viii) fulfil other duties as stipulated by articles of association of the Issuer or delegated by the Board of Directors.

The members of the senior management of the Group as at the date of this Offering Circular are as follows:

| <b>Name</b>            | <b>Age</b> | <b>Position</b>   |
|------------------------|------------|---|
| Ms JIANG Xin (蔣欣)      | 45         | Director, general manager and chief financial officer       |
| Ms TANG Chunping (唐春平) | 42         | Director, party committee member and deputy general manager |
| Mr ZHOU Xiaoxin (周曉欣)  | 43         | Director and deputy general manager                         |
| Mr XIONG Fajian (熊發建)  | 52         | Director and deputy general manager                         |

The biographies of the Group's senior management members as at the date of this Offering Circular are as follows:

For details regarding Ms JIANG Xin, please see "*Directors*" above.

For details regarding Ms TANG Chunping, please see "*Directors*" above.

For details regarding Mr ZHOU Xiaoxin, please see "*Directors*" above.

For details regarding Mr XIONG Fajian, please see "*Directors*" above.

## PRC REGULATIONS

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

### Record filing and registration

In accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) (Fa Gai Wai Zi [2015] No 2044):

- the quota review and approval system for the issuance of foreign debts by enterprises are removed, the ways that foreign debts are managed are reformed and innovated, and the administration of record-filing and the registration system is implemented. The supervision and administration of the size of foreign debts borrowed on a macro level is implemented with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to the NDRC within 10 working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a certificate for record-filing and registration of the issuance of foreign debts by enterprises within 7 working days of accepting the application and within the limit of the total size of foreign debts;
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the certificate for record-filing and registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration;
- if there is a major difference between the actual details of the foreign debts issued by the enterprises and the details indicated in the record-filing and registration, an explanation shall be given when reporting the relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

In accordance with the Foreign Debt Registration Measures issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, an issuer of foreign debts shall complete the foreign debt registration in respect of its issue of foreign debts with the local branch of SAFE in accordance with applicable laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register its foreign debt issue within 15 working days after the execution of the financing documents and to complete such registration in accordance with the Foreign Debt Registration Measures. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration before the Registration Deadline (as defined in the Terms and Conditions), investors will have the right to require the Issuer to redeem their holding of Bonds.

In accordance with the Cross Border Financing Circular, the Issuer shall file the information of this transaction in the capital project information system with SAFE after signing the contract and no later than 3 working days before the withdrawal of money in accordance with the Cross Border Financing Circular. The Issuer, after conducting the contract filing for the transaction, may carry out the relevant capital settlement according to the withdrawal and repayment arrangement, report the relevant clearing information to the relevant systems of the PBOC and SAFE, and complete the update of the transaction information. The Issuer shall update the transaction related information (including offshores creditors, maturity, amount, interest rate and net assets). If the audited net assets, the foreign creditors involved in the financing contract, the term of the debt, or the amount and the interest rate have changed, the Issuer shall go through the formalities for filing the change within time. The PBOC and SAFE no longer adopt an ex ante approval mode for management of foreign debts of enterprises, and so instead, the Issuer shall file ex ante its contracts of foreign debts. If the Issuer fails to report or change the cross-border financing information in time, the PBOC and SAFE shall circulate a criticism against the Issuer after verification, order a rectification, and impose sanctions according to the Law of the People's Republic of China on People's Bank of China and the Law of the People's Republic of China on Foreign Exchange Control.

### **Regulation on Fiscal Debts of Local Governments**

In accordance with Guidance on Strengthening Fiscal Financial Management of Government Invested Projects Construction Agency System (財政部關於切實加強政府投資項目代建制財政財務管理有關問題的指導意見) issued by the Ministry of Finance of the PRC on 16 September 2004, the construction agency established ( or authorised to be established) by the government can be deemed as a department of the government and can directly prepare annual investment plan and annual budget for city infrastructure construction. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

To effectively regulate the construction of public works projects financed by local governments through the BT business model, the Ministry of Finance, the NDRC, the PBOC and CBRC jointly promulgated Circular 463 on 24 December 2012. According to Circular 463, all levels of local governments and their government departments and offices generally shall not incur government debts through agent construction projects on BT business model basis where repurchase fee would be paid in instalments. For public works projects which are eligible for incurring government debts, Circular 463 makes it clear that the government must carefully plan the construction scale and the repurchase schedule in accordance with the construction plan of the relevant project and the repayment ability of the government itself if the relevant project is to be constructed on BT business model basis.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the Budget Law of the PRC (the "**Budget Law**"), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market oriented principles

and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.
- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies in respects such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amount of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make

more efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

### **Bidding and Tendering Management**

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by the NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建設工程設計招標投標管理辦法) issued by MOC on 18 October 2000 and became effective on the same date, Provisions on the Tendering Scope and Scale Standards of Construction Projects (工程建設項目招標範圍和規模標準規定) issued by the NDRC on 1 May 2000 and became effective on the same date, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, and Administrative Measures for the Bidding and Tendering of Highway Engineering Construction (公路工程施工招標投標管理辦法) promulgated by MOT on 23 June 2006 which became effective on 1 August 2006.

In accordance with the Bidding and Tendering Law of the People's Republic of China, certain types of projects shall go through bidding processes during phases, including project survey, design, construction, supervision and procurement of the essential equipment and materials relating to the project construction. Such projects include the projects related to social public interests and public security, including large infrastructure and utilities; projects invested by using state-owned fund or financed by the government in whole or in part; and projects using loans or aid funds of international organisations or foreign government.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principle of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting, and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5% up to 1% of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋) issued by the Supreme People's Court on 25 October 2004 and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

## Land Use Rights

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural or suburban areas and all farm land are, unless otherwise specified by law, collectively owned.

The PRC government has the right to resume its land ownership or the land use rights according to the relevant law if required for public interest (and compensation must be paid by the PRC government).

Although all land in the PRC is owned by the PRC government or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways. The two most important ways are land grants from local land authorities and land transfers from land users who have already obtained the land use rights.

## Grant of Land Use Rights

Under the Interim Regulations of the People's Republic of China on Assignment and Transfer of the State owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例 (the “**Interim Regulations on Assignment and Transfer**”)) promulgated and enforced by the State Council on 19 May 1990, a system of assignment and transfer of the right to use state-owned land has been adopted. A land user shall pay a premium to the PRC government as consideration for the assignment of land use rights within certain terms, and a land user may transfer, lease, and mortgage or otherwise commercially exploit the land use rights within the terms of use. Under the Interim Regulations on Assignment and Transfer and the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the National People's Congress (the “**SCNPC**”) on 27 August 2009, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user for an assignment of land use rights. The land user shall pay the assignment price as stipulated in the assignment contract. After paying the assignment price in full, the land user shall register with the land administration authority and obtain a land use rights certificate (the “**Land Use Rights Certificate**”). The Land Use Rights Certificate is an evidence of the acquisition of land use rights.

The grant of land use rights by way of competitive processes is subject to the Regulations on the Grant of State-owned Land Use Rights by Invitation of Tender, Auction or Listings-for-sale (招標拍賣掛牌出讓國有土地使用權規定) (the “**2007 Regulations**”), issued by the Ministry of Land and Resources of the PRC (“**MLR**”) on 9 May 2002 and revised as at 28 September 2007 and the Rules on the Assignment of State-owned Land Use Right through Tenders, Auction and Putting up for Bidding (for Trial Implementation) (招標拍賣掛牌出讓國有土地使用權規範(試行)) promulgated by MLR on 31 May 2006. In addition, MLR required that with effect from 31 August 2004, the grant of land use rights must be made pursuant to auctions or listings at a land exchange and that no land use rights for commercial uses may be granted by way of agreement. The 2007 Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for a certain piece of land, must be granted by way of competitive processes.

A number of measures are provided in the 2007 Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the relevant local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the city or provincial government. The grantee shall apply for land registration and obtain the state-owned land use rights certificate upon full payment of the land premium of the granted land according to the state-owned land use right granting contract. In the event that the land premium of the granted land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of tender, auction or listing-forbidding must be made 20 days prior to the date on which such competitive process

begins. Further, the 2007 Regulations also stipulated that for listing at a land exchange, the time period for accepting bids must not be less than ten days. In the case of tender, the relevant local land bureau granting land use rights should examine the qualifications of intended bidders and inform those qualified to participate in the bidding processes by sending out tender invitations. Bidders are required to submit sealed bids and pay a security deposit.

When land use rights are granted by way of tender, a tender evaluation committee consisting of not less than five members (including a representative of the grantor and other experts), formed by the relevant local land bureau is responsible for opening the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the relevant local land bureau and pay the balance of the land grant fee before obtaining the land use rights certificate.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the relevant local land bureau and pay the relevant land grant fee within a prescribed period.

Where land use rights are granted by way of listings-for-sale administered by the local government, a public notice will be issued by the relevant local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the relevant local land bureau and pay the relevant land grant fee within a prescribed period.

Land use rights granted by way of bilateral agreement are subject to the Regulation Concerning the Grant of Land Use Right Through Bilateral Agreement (協議出讓國有土地使用權規定) promulgated by MLR, effective on 1 August 2003. It provides that only when the methods of tender or auction or listing for sale are not required by the laws, regulations and rules may land use rights be granted by bilateral agreement between the relevant land authority and the grantee party. The land grant fees carried out in agreement should not be lower than the minimum price set by the central government. For land in areas with standard land prices, the purchase price of land pursuant to any bilateral agreement should not be less than 70% of the standard land price of the relevant land category. If the price guidelines are not followed, the validity of the provision of land grant fees in the land grant contract may be deemed to be invalid. Only when there is only one prospective land user on the land to be granted may the land authority grant the land use rights through bilateral agreement, with the exception of land used for business, tourism, entertainment, commodity properties and others. After payment in full of the land grant fee, the land user may register with the land administration authority and obtain a Land Use Rights Certificate as evidence of the acquisition of the land use rights.

### **Environmental Protection Management**

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of

Construction Projects upon Completion, the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

### **Construction Projects**

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), promulgated by the Ministry of Environmental Protection on 27 December 2001, which became effective on 1 February 2002, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work.

### **Employment Contracts**

The Labour Contract Law (勞動合同法), promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

### **Employee Funds**

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds.

## TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds.*

*Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### **Hong Kong Taxation**

#### ***Withholding tax***

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

#### ***Profits tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a person other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) Interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of the Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

### ***Stamp duty***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

### **PRC Taxation**

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

Pursuant to the EIT Law effective on 1 January 2008 and the PRC Individual Income Tax Law, as amended on 30 June 2011 and effective on 1 September 2011, and their implementation regulations, an income tax is imposed on the interest by way of withholding in respect of the Bonds, paid by the Issuer (if such interest are regarded as income derived from sources within the PRC under the EIT Law and/or the Individual Income Tax Law) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20% (for non-resident individuals) and 10% (for non-resident enterprises) of the gross amount of the interest. However, the tax so charged on interest paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between mainland China and Hong Kong for Purpose of the Avoidance of Double Taxation will be 7% of the gross amount of the interest pursuant to the arrangement between mainland China and Hong Kong and relevant interpretation of the arrangement formulated by the State Administration of Taxation of China.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the MOF and the State Administration of Taxation issued Circular 36, which introduced a new value-added tax (“VAT”) from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6%. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6%. The Issuer will be obligated to withhold VAT of 6% and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. And as the withholding agent, the Issuer shall calculate the withholding tax according to the following formula:  $\text{withholding tax} = \text{price paid by the purchaser} \div (1 + \text{tax rate}) \times \text{tax rate}$ . Pursuant to *the Provisional Regulations of the People’s Republic of China on Urban Maintenance and Construction Tax promulgated by the State Council in 1985*, *the Provisional Regulations on Levying Educational Surcharges promulgated in 1986* and *Circular of the State Council on Unifying the Urban Maintenance and Construction Tax and Educational Surcharges for Chinese and Foreign-funded Enterprises and Individuals* (Guo Fa [2010] No. 35), the Issuer shall withhold certain surcharges as Urban Maintenance of and Construction Tax (“UMCT”) of 7% and Educational Surcharges (“ES”) of 3% based on the VAT the Issuer actually withholds simultaneously when the VAT is paid. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

The Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

No PRC stamp duty will be imposed on non-resident Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds.

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated on or about 24 May 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

|  | <b>Principal amount<br/>of the Bonds to be<br/>subscribed</b> |
|--|---|
|  | <b>U.S.\$</b>   |
| China International Capital Corporation Hong Kong Securities Limited . . . . . | 107,000,000   |
| Zhongtai International Securities Limited . . . . .                            | 30,000,000  |
| China Zhesang Bank Co., Ltd. (Hong Kong Branch). . . . .                       | 10,000,000  |
| Industrial Bank Co., Ltd. Hong Kong Branch . . . . .                           | 10,000,000  |
| China Galaxy International Securities (Hong Kong) Co., Limited . . . . .       | 10,000,000  |
| Haitong Bank, Macau Branch . . . . .   | 10,000,000  |
| Guoyuan Securities Brokerage (Hong Kong) Limit. . . . .                        | 10,000,000  |
| Haitong International Securities Company Limited . . . . .                     | 10,000,000  |
| Guotai Junan Securities (Hong Kong) Limited. . . . .                           | 10,000,000  |
| <b>Total</b> . . . . .   | <b>207,000,000</b>  |

The Subscription Agreement provides that the Joint Lead Managers and their respective affiliates, and their respective directors, officers and employees will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

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

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with this offering, any of the Joint Lead Managers appointed and acting as Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by

applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the bonds at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall act as principal and not as agent of the Issuer and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilising Manager or, as the case may be, the Joint Lead Managers in the manner agreed by them. Such stabilisation shall be conducted in accordance with all applicable laws, regulations and rules.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer.

## **General**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Each Joint Lead Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Bonds or has in its possession or distributes the Offering Circulars (in proof or final form) or any such other material, in all cases at its own expense. The Issuer and each Manager will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the

acquisition, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery of the Bonds. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, the Final Offering Circular or any amendment or supplement to it.

### **United States**

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

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In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **The People’s Republic of China**

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

## Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) as specified in Section 276(7) of the SFA; or
  - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

## **Japan**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **Macau**

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

## **SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS**

*The consolidated financial statements of the Issuer included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. Certain material differences exist between PRC GAAP and IFRS which might be relevant to the Issuer's financial information. The following is a general summary of certain material differences between PRC GAAP and IFRS as applicable to the Group. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of this summary. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons. Furthermore, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. As a result, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.*

### **GOVERNMENT GRANT (政府補助)**

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

### **REVERSAL OF AN IMPAIRMENT LOSS (減值轉回)**

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.) (save for certain long-term receivables), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill may be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

### **FIXED ASSETS AND INTANGIBLE ASSETS (固定資產和無形資產)**

Under PRC GAAP, only the cost model is allowed. Save for in the event of share reform, fair value measurement may also be permitted.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

Accounting year (會計年度) Under PRC GAAP, the accounting year shall run from 1 January to 31 December.

IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

#### **Format of financial statements and items presented (財務報表及專案列示格式)**

PRC GAAP contains detailed requirements on the format of financial statements and the items to be presented.

IFRS sets out overall principles and minimum line items to be presented but does not prescribe the formats in detail.

#### **Classification of expenses in the income statement/statement of comprehensive income (利潤表中費用分類)**

Under PRC GAAP, expenses must be classified based on their function in the income statement.

Under IFRS, enterprises may classify expenses either based on the nature of the expenses or their function in the statement of comprehensive income, depending on which format is considered reliable and more relevant.

#### **Statement of cash flows (現金流量表)**

Under PRC GAAP, the direct method, together with a supporting note reconciling operating result to cash flows arising from operations, is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

#### **Non-controlling interest / minority interest (非控股股東權益/少數股東權益)**

Under PRC GAAP, the acquirer should always recognise the minority interest at the minority shareholders' proportionate interest in the acquiree's identifiable net assets.

Under IFRS, the acquirer can choose, on an acquisition by acquisition basis, whether to measure components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

#### **Borrowing costs eligible for capitalisation (借款費用資本化)**

Under PRC GAAP, all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalisation.

Under IFRS, borrowing costs eligible for capitalisation include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

#### **Land use rights (土地使用權)**

Under PRC GAAP, the cost of acquiring a land use right is generally recognised as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land.

Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognised as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for resale in the ordinary course of business.

## GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 247015477 and the ISIN for the Bonds is XS2470154779. The Legal Entity Identifier of the Issuer is 3003003OYGUWO2VHKI55.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 8 December 2021.
3. **No Material and Adverse Change:** Save as disclosed in this Offering Circular, there has not occurred any change or development or event likely to involve a prospective change in the condition (financial or other), prospects, results of operations, business, properties or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2021.
4. **Litigation:** Save as disclosed in this Offering Circular, none of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.
5. **Available Documents:** Copies of the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date for so long as any Bond is outstanding at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office for the time being of the Trustee (being at the date of this Offering Circular at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong), following prior written request and proof of holding and identity satisfactory to the Trustee.

Copies of the Audited Financial Statements will be available for inspection from the Issue Date for so long as any Bond is outstanding at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office for the time being of the Issuer (being at the date of this Offering Circular at No.99 Nanyuan East Road 401520, Hechuan District, Chongqing, China).

6. The Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by ZSZH as stated in its English version of the Audited Financial Statements dated 28 April 2021 and 26 April 2022.

7. **Listing of Bonds:** Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of U.S.\$200,000.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for definitive certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

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中审众环会计师事务所（特殊普通合伙）

Zhongshenzhonghuan Certified Public Accountants LLP

重庆市合川城市建设投资（集团）有限公司

# 审 计 报 告

2021 年 12 月 31 日

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## 审计报告

众环审字(2022)1810076号

重庆市合川城市建设投资(集团)有限公司全体股东:

### 一、审计意见

我们审计了重庆市合川城市建设投资(集团)有限公司(以下简称“合川城投”)财务报表,包括2021年12月31日的合并及公司资产负债表,2021年度的合并及公司利润表、合并及公司现金流量表、合并及公司所有者权益变动表,以及财务报表附注。

我们认为,后附的财务报表在所有重大方面按照企业会计准则的规定编制,公允反映了合川城投2021年12月31日的合并及公司财务状况以及2021年度的合并及公司经营成果和现金流量。

### 二、形成审计意见的基础

我们按照中国注册会计师审计准则的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。按照中国注册会计师职业道德守则,我们独立于合川城投,并履行了职业道德方面的其他责任。我们相信,我们获取的审计证据是充分、适当的,为发表审计意见提供了基础。

### 三、其他信息

合川城投管理层(以下简称“管理层”)对其他信息负责。其他信息包括合川城投2021年度报告中涵盖的信息,但不包括财务报表和我们的审计报告。

我们对财务报表发表的审计意见不涵盖其他信息,我们也不对其他信息发表任何形式的鉴证结论。

结合我们对财务报表的审计,我们的责任是阅读其他信息,在此过程中,考虑其

他信息是否与财务报表或我们在审计过程中了解到的情况存在重大不一致或者似乎存在重大错报。

基于我们已执行的工作，如果我们确定其他信息存在重大错报，我们应当报告该事实。在这方面，我们无任何事项需要报告。

#### 四、管理层和治理层对财务报表的责任

合川城投管理层（以下简称“管理层”）负责按照企业会计准则的规定编制财务报表，使其实现公允反映，并设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

在编制财务报表时，管理层负责评估合川城投的持续经营能力，披露与持续经营相关的事项，并运用持续经营假设，除非管理层计划清算合川城投、终止运营或别无其他现实的选择。

治理层负责监督合川城投的财务报告过程。

#### 五、注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误所导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

在按照审计准则执行审计的过程中，我们运用职业判断，并保持职业怀疑。同时，我们也执行以下工作：

（一）识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。

由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

(二) 了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

(三) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

(四) 对管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对合川城投持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性，审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致合川城投不能持续经营。

(五) 评价财务报表的总体列报、结构和内容，并评价财务报表是否公允反映相关交易和事项。

(六) 就合川城投中实体或业务活动的财务信息获取充分、适当的审计证据，以对财务报表发表意见。我们负责指导、监督和执行集团审计，并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通，包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

中审众环会计师事务所(特殊普通合伙)



中国·武汉

中国注册会计师：杨帆



(项目合伙人)

中国注册会计师：崔恒银



2022年4月26日

# 合并资产负债表

2021/12/31

编制单位:重庆市合川城市建设投资(集团)有限公司

金额单位:人民币元

| 项 目           | 附注     | 2021年12月31日        | 2021年1月1日          | 2020年12月31日        |
|---------------|--------|--------------------|--------------------|--------------------|
| <b>流动资产:</b>  |        |                    |                    |                    |
| 货币资金          | 六 1.1  | 4,324,688,696.98   | 6,129,392,338.00   | 6,129,392,338.00   |
| 交易性金融资产       |        |                    |                    |                    |
| 衍生金融资产        |        |                    |                    |                    |
| 应收票据          | 六 1.2  |                    | 6,385,458.20       | 6,385,458.20       |
| 应收账款          | 六 1.3  | 27,288,140,143.24  | 25,045,472,184.21  | 25,060,463,603.08  |
| 应收款项融资        |        |                    |                    |                    |
| 预付款项          | 六 1.4  | 430,056,166.51     | 784,596,586.90     | 784,596,586.90     |
| 其他应收款         | 六 1.5  | 11,844,010,483.41  | 10,277,446,913.94  | 10,282,669,262.83  |
| 其中: 应收利息      |        |                    |                    |                    |
| 应收股利          |        |                    |                    |                    |
| 存货            | 六 1.6  | 38,267,336,982.24  | 38,380,759,850.41  | 38,380,759,850.41  |
| 合同资产          |        |                    |                    |                    |
| 持有待售资产        |        |                    |                    |                    |
| 一年内到期的非流动资产   |        |                    |                    |                    |
| 其他流动资产        | 六 1.7  | 217,159,726.44     | 169,011,375.98     | 265,873,132.26     |
| 流动资产合计        |        | 82,371,392,198.82  | 80,793,064,707.64  | 80,910,140,231.68  |
| <b>非流动资产:</b> |        |                    |                    |                    |
| 债权投资          | 六 1.8  | 2,305,968.52       | 5,034,077.88       |                    |
| 其他债权投资        |        |                    |                    |                    |
| 长期应收款         | 六 1.9  | 713,150,000.00     | 713,150,000.00     | 714,580,000.00     |
| 可供出售金融资产      |        |                    |                    | 311,030,849.01     |
| 长期股权投资        | 六 1.10 | 2,202,660,660.42   | 760,242,739.99     | 760,242,739.99     |
| 其他权益工具投资      | 六 1.11 | 221,573,420.15     | 281,026,879.01     |                    |
| 其他非流动金融资产     | 六 1.12 | 131,203,548.21     | 125,855,569.04     |                    |
| 投资性房地产        | 六 1.13 | 3,200,467,483.03   | 3,128,958,521.07   | 3,128,958,521.07   |
| 固定资产          | 六 1.14 | 917,748,655.68     | 297,434,785.54     | 297,434,785.54     |
| 在建工程          | 六 1.15 | 3,131,190,903.40   | 2,424,440,688.77   | 2,424,440,688.77   |
| 生产性生物资产       |        |                    |                    |                    |
| 油气资产          |        |                    |                    |                    |
| 使用权资产         | 六 1.16 | 27,512.21          | 137,561.04         |                    |
| 无形资产          | 六 1.17 | 1,392,751,113.89   | 1,406,239,703.95   | 1,406,239,703.95   |
| 开发支出          |        |                    |                    |                    |
| 商誉            | 六 1.18 | 23,151,100.00      | 23,151,100.00      | 23,151,100.00      |
| 长期待摊费用        | 六 1.19 | 412,274.07         | 738,116.49         | 738,116.49         |
| 递延所得税资产       | 六 1.20 | 63,902,211.26      | 37,602,920.83      | 29,446,046.25      |
| 其他非流动资产       | 六 1.21 | 26,116,740,037.22  | 24,203,075,065.14  | 24,203,075,065.14  |
| 非流动资产合计       |        | 38,117,284,888.06  | 33,407,087,728.75  | 33,299,337,616.21  |
| 资产总计          |        | 120,488,677,086.88 | 114,200,152,436.39 | 114,209,477,847.89 |

法定代表人:

主管会计工作负责人:

会计机构负责人:

# 合并资产负债表(续)

2021/12/31

编制单位:重庆市合川城市建设投资(集团)有限公司

金额单位:人民币元

| 项 目           | 附注     | 2021年12月31日        | 2021年1月1日          | 2020年12月31日        |
|---------------|--------|--------------------|--------------------|--------------------|
| <b>流动负债:</b>  |        |                    |                    |                    |
| 短期借款          | 六 1.22 | 813,965,902.78     | 1,385,800,000.00   | 1,385,800,000.00   |
| 交易性金融负债       |        |                    |                    |                    |
| 衍生金融负债        |        |                    |                    |                    |
| 应付票据          | 六 1.23 |                    | 50,000,000.00      | 50,000,000.00      |
| 应付账款          | 六 1.24 | 981,428,923.09     | 1,195,089,659.48   | 1,195,089,659.48   |
| 预收款项          | 六 1.25 | 5,401,480.11       | 5,590,018.96       | 359,760,624.01     |
| 合同负债          | 六 1.26 | 116,923,850.22     | 248,524,464.64     |                    |
| 应付职工薪酬        | 六 1.27 | 2,416,478.19       | 1,771,371.97       | 1,771,371.97       |
| 应交税费          | 六 1.28 | 874,371,696.00     | 926,258,385.53     | 926,258,385.53     |
| 其他应付款         | 六 1.29 | 2,443,224,431.22   | 4,176,995,091.58   | 4,176,995,091.58   |
| 其中: 应付利息      |        |                    | 844,794,085.58     | 844,794,085.58     |
| 应付股利          |        |                    | 553,499.44         | 553,499.44         |
| 持有待售负债        |        |                    |                    |                    |
| 一年内到期的非流动负债   | 六 1.30 | 14,478,081,682.78  | 14,967,641,539.02  | 14,967,521,539.02  |
| 其他流动负债        | 六 1.31 | 5,191,646,430.50   | 4,395,829,562.86   | 4,365,325,423.94   |
| 流动负债合计        |        | 24,907,460,874.89  | 27,353,500,094.04  | 27,428,522,095.53  |
| <b>非流动负债:</b> |        |                    |                    |                    |
| 长期借款          | 六 1.32 | 17,877,879,146.08  | 14,699,965,980.00  | 14,699,965,980.00  |
| 应付债券          | 六 1.33 | 26,611,395,719.98  | 22,625,446,487.95  | 22,625,446,487.95  |
| 其中: 优先股       |        |                    |                    |                    |
| 永续债           |        |                    |                    |                    |
| 租赁负债          | 六 1.34 |                    | 17,561.04          |                    |
| 长期应付款         | 六 1.35 | 8,580,927,076.77   | 8,523,747,146.02   | 8,523,747,146.02   |
| 长期应付职工薪酬      |        |                    |                    |                    |
| 预计负债          | 六 1.36 | 206,234,436.51     |                    |                    |
| 递延收益          | 六 1.37 | 24,449,750.00      | 24,449,750.00      | 24,449,750.00      |
| 递延所得税负债       | 六 1.20 | 1,987,827.50       | 4,106,262.50       |                    |
| 其他非流动负债       | 六 1.38 | 75,057,295.58      | 75,142,001.49      |                    |
| 非流动负债合计       |        | 53,377,931,252.42  | 45,952,875,189.00  | 45,873,609,363.97  |
| 负债合计          |        | 78,285,392,127.31  | 73,306,375,283.04  | 73,302,131,459.50  |
| <b>所有者权益:</b> |        |                    |                    |                    |
| 实收资本          | 六 1.39 | 4,919,520,000.00   | 4,919,520,000.00   | 4,919,520,000.00   |
| 其他权益工具        |        |                    |                    |                    |
| 其中: 优先股       |        |                    |                    |                    |
| 永续债           |        |                    |                    |                    |
| 资本公积          | 六 1.40 | 30,177,238,819.67  | 29,216,129,772.68  | 29,216,129,772.68  |
| 减: 库存股        |        |                    |                    |                    |
| 其他综合收益        | 六 1.41 | 7,164,904.55       | 15,851,144.44      | 20,336.94          |
| 专项储备          | 六 1.42 | 27,070.68          |                    |                    |
| 盈余公积          | 六 1.43 | 491,127,432.26     | 467,671,399.01     | 467,939,518.45     |
| 未分配利润         | 六 1.44 | 5,552,665,411.25   | 5,172,581,397.06   | 5,201,713,313.41   |
| 归属于母公司股东权益合计  |        | 41,147,743,638.41  | 39,791,753,713.19  | 39,805,322,941.48  |
| 少数股东权益        |        | 1,055,541,321.16   | 1,102,023,440.16   | 1,102,023,446.91   |
| 所有者权益合计       |        | 42,203,284,959.57  | 40,893,777,153.35  | 40,907,346,388.39  |
| 负债和所有者权益总计    |        | 120,488,677,086.88 | 114,200,152,436.39 | 114,209,477,847.89 |

法定代表人:



主管会计工作负责人:



会计机构负责人:



# 合并利润表

2021年度

编制单位:重庆市合川城市建设投资(集团)有限公司

金额单位:人民币元

| 项 目                        | 附注     | 本年金额             | 上年金额             |
|----------------------------|--------|------------------|------------------|
| 一、营业总收入                    |        | 5,066,023,205.44 | 6,595,206,588.11 |
| 其中:营业收入                    | 六 1.45 | 5,066,023,205.44 | 6,595,206,588.11 |
| 二、营业总成本                    |        | 4,679,408,841.68 | 6,104,548,592.57 |
| 其中:营业成本                    | 六 1.45 | 4,153,394,397.83 | 5,836,852,452.18 |
| 税金及附加                      | 六 1.46 | 90,952,126.36    | 101,038,152.62   |
| 销售费用                       | 六 1.47 | 5,960,042.38     | 4,012,700.72     |
| 管理费用                       | 六 1.48 | 125,156,309.36   | 112,614,173.30   |
| 研发费用                       |        |                  |                  |
| 财务费用                       | 六 1.49 | 303,945,965.75   | 50,031,113.75    |
| 其中:利息费用                    |        | 471,053,231.11   | 321,670,264.48   |
| 利息收入                       |        | 97,603,647.43    | 158,468,858.55   |
| 加:其他收益                     | 六 1.50 | 429,778,416.52   | 237,520,949.58   |
| 投资收益(损失以“-”号填列)            | 六 1.51 | 43,105,510.21    | 6,518,567.61     |
| 其中:对联营企业和合营企业的投资收益         |        | 34,897,987.58    | -2,865,138.25    |
| 以摊余成本计量的金融资产终止确认收益         |        |                  |                  |
| 净敞口套期收益(损失以“-”号填列)         |        |                  |                  |
| 公允价值变动收益(损失以“-”号填列)        |        |                  |                  |
| 信用减值损失(损失以“-”号填列)          | 六 1.52 | 153,154,196.18   |                  |
| 资产减值损失(损失以“-”号填列)          | 六 1.53 | 18,255,521.01    | 29,822,924.53    |
| 资产处置收益(损失以“-”号填列)          | 六 1.54 | -5,597,742.73    | 26,276,733.42    |
| 三、营业利润(亏损以“-”号填列)          |        | 682,490,830.57   | 790,797,170.68   |
| 加:营业外收入                    | 六 1.55 | 2,519,883.21     | 4,130,202.42     |
| 减:营业外支出                    | 六 1.56 | 22,780,535.65    | 5,341,443.87     |
| 四、利润总额(亏损总额以“-”号填列)        |        | 662,230,178.13   | 789,585,929.23   |
| 减:所得税费用                    | 六 1.57 | 94,190,547.08    | 119,711,350.63   |
| 五、净利润(净亏损以“-”号填列)          |        | 568,039,631.05   | 669,874,578.60   |
| (一)按经营持续性分类                |        |                  |                  |
| 1、持续经营净利润(净亏损以“-”号填列)      |        | 568,039,631.05   | 669,874,578.60   |
| 2、终止经营净利润(净亏损以“-”号填列)      |        |                  |                  |
| (二)按所有权归属分类                |        |                  |                  |
| 1、归属于母公司股东的净利润(净亏损以“-”号填列) |        | 586,852,647.44   | 665,247,573.36   |
| 2、少数股东损益(净亏损以“-”号填列)       |        | -18,813,016.39   | 4,627,005.24     |
| 六、其他综合收益的税后净额              | 六 1.58 | -8,686,239.89    | 790.87           |
| (一)归属母公司股东的其他综合收益的税后净额     |        | -8,686,239.89    | 790.87           |
| 1、不能重分类进损益的其他综合收益          |        | -8,686,239.89    | 790.87           |
| (1)重新计量设定受益计划变动额           |        |                  |                  |
| (2)权益法下不能转损益的其他综合收益        |        |                  | 790.87           |
| (3)其他权益工具投资公允价值变动          |        | 11,713,760.11    |                  |
| (4)企业自身信用风险公允价值变动          |        |                  |                  |
| (5)其他                      |        | -20,400,000.00   |                  |
| 2、将重分类进损益的其他综合收益           |        |                  |                  |
| (1)权益法下可转损益的其他综合收益         |        |                  |                  |
| (2)其他债权投资公允价值变动            |        |                  |                  |
| (3)金融资产重分类计入其他综合收益的金额      |        |                  |                  |
| (4)其他债权投资信用减值准备            |        |                  |                  |
| (5)现金流量套期储备                |        |                  |                  |
| (6)外币财务报表折算差额              |        |                  |                  |
| (7)其他                      |        |                  |                  |
| (二)归属于少数股东的其他综合收益的税后净额     |        |                  |                  |
| 七、综合收益总额                   |        | 559,353,391.16   | 669,875,369.47   |
| (一)归属于母公司股东的综合收益总额         |        | 578,166,407.55   | 665,248,364.23   |
| (二)归属于少数股东的综合收益总额          |        | -18,813,016.39   | 4,627,005.24     |

法定代表人:

罗中正

主管会计工作负责人:

蒋欣

会计机构负责人:

曹林

# 合并现金流量表

2021年度

编制单位:重庆市合川城市建设投资(集团)有限公司

金额单位:人民币元

| 项 目                       | 附注     | 本年金额              | 上年金额              |
|---------------------------|--------|-------------------|-------------------|
| <b>一、经营活动产生的现金流量:</b>     |        |                   |                   |
| 销售商品、提供劳务收到的现金            |        | 2,270,042,759.19  | 2,611,830,832.49  |
| 收到的税费返还                   |        | 32,594.12         | 2,072,567.33      |
| 收到其他与经营活动有关的现金            | 六 1.59 | 8,841,701,350.16  | 9,973,762,258.42  |
| 经营活动现金流入小计                |        | 11,111,776,703.47 | 12,587,665,658.24 |
| 购买商品、接受劳务支付的现金            |        | 1,966,169,759.52  | 5,539,238,032.52  |
| 支付给职工以及为职工支付的现金           |        | 95,175,489.98     | 67,285,089.87     |
| 支付的各项税费                   |        | 358,590,807.14    | 421,995,363.29    |
| 支付其他与经营活动有关的现金            | 六 1.59 | 8,601,266,481.58  | 7,914,164,981.12  |
| 经营活动现金流出小计                |        | 11,021,202,538.22 | 13,942,683,466.80 |
| 经营活动产生的现金流量净额             |        | 90,574,165.25     | -1,355,017,808.56 |
| <b>二、投资活动产生的现金流量:</b>     |        |                   |                   |
| 收回投资收到的现金                 |        | 114,165,000.00    | 352,017,700.12    |
| 取得投资收益收到的现金               |        | 151,707.34        | 338,404.58        |
| 处置固定资产、无形资产和其他长期资产收回的现金净额 |        | 3,070,500.00      | 14,450,992.70     |
| 处置子公司及其他营业单位收到的现金净额       |        |                   |                   |
| 收到其他与投资活动有关的现金            | 六 1.59 | 22,968,098.97     | 391,948,313.78    |
| 投资活动现金流入小计                |        | 140,355,306.31    | 758,755,411.18    |
| 购建固定资产、无形资产和其他长期资产支付的现金   |        | 4,622,273,622.30  | 2,543,997,442.70  |
| 投资支付的现金                   |        | 357,803,000.00    | 701,946,403.25    |
| 取得子公司及其他营业单位支付的现金净额       |        |                   |                   |
| 支付其他与投资活动有关的现金            | 六 1.59 | 1,701,821,019.98  | 1,312,898,516.75  |
| 投资活动现金流出小计                |        | 6,681,897,642.28  | 4,558,842,362.70  |
| 投资活动产生的现金流量净额             |        | -6,541,542,335.97 | -3,800,086,951.52 |
| <b>三、筹资活动产生的现金流量:</b>     |        |                   |                   |
| 吸收投资收到的现金                 |        | 369,235,774.00    | 578,090,043.63    |
| 其中:子公司吸收少数股东投资收到的现金       |        |                   |                   |
| 取得借款收到的现金                 |        | 25,600,314,519.25 | 23,613,689,550.00 |
| 收到其他与筹资活动有关的现金            | 六 1.59 | 3,310,368,467.31  | 647,266,365.96    |
| 筹资活动现金流入小计                |        | 29,279,918,760.56 | 24,839,045,959.59 |
| 偿还债务支付的现金                 |        | 19,718,691,481.86 | 12,881,668,720.00 |
| 分配股利、利润或偿付利息支付的现金         |        | 3,611,377,676.89  | 3,359,412,355.48  |
| 其中:子公司支付给少数股东的股利、利润       |        |                   |                   |
| 支付其他与筹资活动有关的现金            | 六 1.59 | 1,497,472,053.42  | 2,807,319,125.46  |
| 筹资活动现金流出小计                |        | 24,827,541,212.17 | 19,048,400,200.94 |
| 筹资活动产生的现金流量净额             |        | 4,452,377,548.39  | 5,790,645,758.65  |
| 四、汇率变动对现金及现金等价物的影响        |        | -4,031.86         | -11,298.38        |
| 五、现金及现金等价物净增加额            | 六 1.60 | -1,998,594,654.19 | 635,529,700.19    |
| 加:期初现金及现金等价物余额            |        | 6,000,733,493.66  | 5,365,203,793.47  |
| 六、期末现金及现金等价物余额            | 六 1.60 | 4,002,138,839.47  | 6,000,733,493.66  |

已审计,请与审计报告一并阅读  
中审众环会计师事务所(特殊普通合伙)

法定代表人:

罗中正

主管会计工作负责人:

蒋欣

会计机构负责人:

曹林

# 合并所有者权益变动表

2021年度

金额单位：人民币元

| 项 目                   | 本年金额             |        |                   |       |               |           |                |              |                  |                   |                  |                   |
|-----------------------|------------------|--------|-------------------|-------|---------------|-----------|----------------|--------------|------------------|-------------------|------------------|-------------------|
|                       | 归属于母公司所有者权益      |        |                   |       |               |           |                |              |                  |                   |                  |                   |
|                       | 实收资本             | 其他权益工具 | 资本公积              | 减：库存股 | 其他综合收益        | 专项储备      | 盈余公积           | 一般风险准备       | 未分配利润            | 小计                | 少数所有者权益          | 所有者权益合计           |
| 优先股                   | 永续债              | 其他     |                   |       |               |           |                |              |                  |                   |                  |                   |
| 一、上年年末余额              | 4,919,520,000.00 |        | 29,216,129,772.68 |       | 20,336.94     |           | 467,939,518.45 |              | 5,201,713,313.41 | 39,805,322,941.48 | 1,102,023,446.91 | 40,907,346,388.39 |
| 加：会计政策变更              |                  |        |                   |       | 15,830,807.50 |           | -268,119.44    |              | -29,131,916.35   | -13,569,228.29    | -6.75            | -13,569,235.04    |
| 前期差错更正                |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 同一控制下企业合并             |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 其他                    |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 二、本年期初余额              | 4,919,520,000.00 |        | 29,216,129,772.68 |       | 15,851,644.44 |           | 467,671,399.01 |              | 5,172,581,397.06 | 39,791,752,715.19 | 1,102,023,440.16 | 40,893,777,155.35 |
| 三、本期增减变动金额（减少以“-”号填列） |                  |        | 961,109,046.99    |       | -8,666,239.89 | 27,070.68 | 23,456,033.25  |              | 380,084,014.19   | 1,355,989,925.22  | -46,482,119.00   | 1,309,507,806.22  |
| （一）综合收益总额             |                  |        |                   |       | -8,666,239.89 |           |                |              | 586,832,647.44   | 578,166,407.55    | -18,613,016.39   | 559,553,391.16    |
| （二）所有者投入和减少资本         |                  |        | 961,109,046.99    |       |               |           |                |              |                  | 961,109,046.99    | 21,358,732.51    | 982,467,779.50    |
| 1、所有者投入的普通股           |                  |        | 961,109,046.99    |       |               |           |                |              |                  | 961,109,046.99    | 21,358,732.51    | 982,467,779.50    |
| 2、其他权益工具持有者投入资本       |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 3、股份支付计入所有者权益的金额      |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 4、其他                  |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| （三）利润分配               |                  |        |                   |       |               |           |                |              | -228,368,633.25  | -207,312,600.00   |                  | -207,312,600.00   |
| 1、提取盈余公积              |                  |        |                   |       |               |           |                |              | 21,056,033.25    |                   |                  |                   |
| 2、提取一般风险准备            |                  |        |                   |       |               |           |                |              | 21,056,033.25    |                   |                  |                   |
| 3、对所有者分配              |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 4、其他                  |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| （四）所有者权益内部结转          |                  |        |                   |       |               |           |                |              | -207,312,600.00  | -207,312,600.00   |                  | -207,312,600.00   |
| 1、资本公积转增股本            |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 2、盈余公积转增股本            |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 3、盈余公积弥补亏损            |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 4、设定受益计划变动额结转留存收益     |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 5、其他综合收益结转留存收益        |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 6、其他                  |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| （五）专项储备               |                  |        |                   |       |               |           |                |              |                  |                   |                  |                   |
| 1、本期提取                |                  |        |                   |       |               |           |                |              |                  | 27,070.68         |                  | 27,070.68         |
| 2、本期使用                |                  |        |                   |       |               |           |                |              |                  | 35,265.70         |                  | 35,265.70         |
| （六）其他                 |                  |        |                   |       |               |           |                |              |                  | -8,198.02         |                  | -8,198.02         |
| 四、本年年末余额              | 4,919,520,000.00 |        | 30,177,238,819.67 |       | 7,184,904.55  | 27,070.68 | 491,127,432.26 | 2,400,000.00 | 21,600,000.00    | 24,000,000.00     | -48,027,835.12   | 42,203,264,959.57 |



会计机构负责人：



主管会计工作负责人：

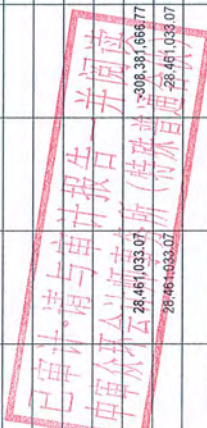


法定代表人：

合并所有者权益变动表(续)  
2021年度

金额单位:人民币元

| 项                     | 上年金额             |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
|-----------------------|------------------|---------------|-----|----|-------------------|-------|-----------|------|----------------|------------------|-------------------|------------------|-------------------|
|                       | 归属于母公司所有者权益      |               |     |    |                   |       |           |      |                |                  | 少数所有者权<br>益       | 所有者权益合计          |                   |
|                       | 实收资本             | 其他权益工具<br>优先股 | 永续债 | 其他 | 资本公积              | 减:库存股 | 其他综合收益    | 专项储备 | 盈余公积           | 一般风险准备           |                   |                  | 未分配利润             |
| 一、上年年末余额              | 4,910,000,000.00 |               |     |    | 28,665,317,571.76 |       | 19,546.07 |      | 439,478,485.38 | 4,890,528,470.18 | 38,845,344,073.39 | 640,155,140.63   | 39,485,509,214.02 |
| 加:会计政策变更              |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 前期差错更正                |                  |               |     |    | 435,126,795.52    |       |           |      |                | 14,318,936.64    | 449,445,732.16    |                  | 449,445,732.16    |
| 同一控制下企业合并             |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 其他                    |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 二、本年初余额               | 4,910,000,000.00 |               |     |    | 29,100,444,367.28 |       | 19,546.07 |      | 439,478,485.38 | 4,844,847,406.82 | 39,294,789,805.55 | 640,155,140.63   | 39,934,954,946.18 |
| 三、本期增减变动金额(减少以“-”号填列) | 9,520,000.00     |               |     |    | 115,685,405.40    |       | 790.87    |      | 28,461,033.07  | 356,865,906.59   | 510,533,135.93    | 461,858,306.28   | 972,391,442.21    |
| (一)综合收益总额             |                  |               |     |    |                   |       | 790.87    |      |                | 665,247,573.36   | 665,247,573.36    | 4,627,005.24     | 669,875,369.47    |
| (二)所有者投入和减少资本         | 9,520,000.00     |               |     |    | 115,685,405.40    |       |           |      |                |                  | 125,205,405.40    | 457,231,301.04   | 582,436,706.44    |
| 1、所有者投入的普通股           | 9,520,000.00     |               |     |    | 115,685,405.40    |       |           |      |                |                  | 125,205,405.40    | 457,231,301.04   | 582,436,706.44    |
| 2、其他权益工具持有者投入资本       |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 3、股份支付计入所有者权益的金额      |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 4、其他                  |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| (三)利润分配               |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 1、提取盈余公积              |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 2、提取一般风险准备            |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 3、对所有者分配              |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 4、其他                  |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| (四)所有者权益内部结转          |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 1、资本公积转增股本            |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 2、盈余公积转增股本            |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 3、盈余公积弥补亏损            |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 4、设定受益计划变动额结转留存收益     |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 5、其他综合收益结转留存收益        |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 6、其他                  |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| (五)专项储备               |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 1、本期提取                |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 2、本期使用                |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| (六)其他                 |                  |               |     |    |                   |       |           |      |                |                  |                   |                  |                   |
| 四、本年年末余额              | 4,919,520,000.00 |               |     |    | 29,216,129,772.68 |       | 20,336.94 |      | 467,939,518.45 | 5,201,713,313.41 | 39,805,322,941.48 | 1,102,023,446.91 | 40,907,346,388.39 |



法定代表人:

主管会计工作负责人:

会计机构负责人:

# 资产负债表

2021/12/31

编制单位:重庆市合川城市建设投资(集团)有限公司

金额单位:人民币元

| 项 目           | 附注     | 2021年12月31日       | 2021年1月1日         | 2020年12月31日       |
|---------------|--------|-------------------|-------------------|-------------------|
| <b>流动资产:</b>  |        |                   |                   |                   |
| 货币资金          |        | 1,561,229,784.63  | 2,517,417,797.32  | 2,517,417,797.32  |
| 交易性金融资产       |        |                   |                   |                   |
| 衍生金融资产        |        |                   |                   |                   |
| 应收票据          |        |                   |                   |                   |
| 应收账款          | 十四 1.1 | 8,899,093,527.35  | 7,613,279,427.11  | 7,614,791,069.22  |
| 应收款项融资        |        |                   |                   |                   |
| 预付款项          |        | 166,174,840.64    | 218,397,434.53    | 218,397,434.53    |
| 其他应收款         | 十四 1.2 | 14,396,537,932.08 | 13,975,293,673.27 | 13,975,506,377.47 |
| 其中: 应收利息      |        |                   |                   |                   |
| 应收股利          |        |                   |                   |                   |
| 存货            |        | 13,331,630,572.54 | 13,861,073,206.44 | 13,861,073,206.44 |
| 合同资产          |        |                   |                   |                   |
| 持有待售资产        |        |                   |                   |                   |
| 一年内到期的非流动资产   |        |                   |                   |                   |
| 其他流动资产        |        | 86,968,636.26     | 49,929,022.25     | 128,228,591.29    |
| 流动资产合计        |        | 38,441,635,293.50 | 38,235,390,560.92 | 38,315,414,476.27 |
| <b>非流动资产:</b> |        |                   |                   |                   |
| 债权投资          |        |                   |                   |                   |
| 其他债权投资        |        |                   |                   |                   |
| 长期应收款         |        | 713,150,000.00    | 713,150,000.00    | 714,580,000.00    |
| 可供出售金融资产      |        |                   |                   | 62,887,230.00     |
| 长期股权投资        | 十四 1.3 | 28,009,316,359.30 | 26,186,720,861.10 | 26,186,720,861.10 |
| 其他权益工具投资      |        | 14,072,110.00     | 77,927,130.00     |                   |
| 其他非流动金融资产     |        | 84,883,548.21     | 87,297,569.04     |                   |
| 投资性房地产        |        | 2,464,704,222.10  | 2,544,315,524.77  | 2,544,315,524.77  |
| 固定资产          |        | 105,128,499.02    | 109,048,679.65    | 109,048,679.65    |
| 在建工程          |        | 19,054,921.14     | 19,054,921.14     | 19,054,921.14     |
| 生产性生物资产       |        |                   |                   |                   |
| 油气资产          |        |                   |                   |                   |
| 使用权资产         |        |                   |                   |                   |
| 无形资产          |        | 292,161.22        | 272,465.48        | 272,465.48        |
| 开发支出          |        |                   |                   |                   |
| 商誉            |        |                   |                   |                   |
| 长期待摊费用        |        |                   |                   |                   |
| 递延所得税资产       |        | 19,931,675.44     | 10,963,562.18     | 10,415,410.23     |
| 其他非流动资产       |        | 1,998,603,184.34  | 1,976,745,828.20  | 1,976,745,828.20  |
| 非流动资产合计       |        | 33,429,136,680.77 | 31,725,496,541.56 | 31,624,040,920.57 |
| 资产总计          |        | 71,870,771,974.27 | 69,960,887,102.48 | 69,939,455,396.84 |

法定代表人:



主管会计工作负责人:



会计机构负责人:

