

## **IMPORTANT NOTICE**

### **NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN 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 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 (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), 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 U.S. 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 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. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

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, 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 licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licensed 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 Joint Lead Managers, the Trustee, the Agents or any person who controls the Joint Lead Managers nor any director, officer, employee nor agent of the Joint Lead Managers or affiliate of any such person 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 potential 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.



**重庆国际物流枢纽园区**  
CHONGQING INTERNATIONAL  
LOGISTICS HUB PARK

# CHONGQING INTERNATIONAL LOGISTICS HUB PARK CONSTRUCTION CO., LTD.

**重慶國際物流樞紐園區建設有限責任公司**

(INCORPORATED WITH LIMITED LIABILITY IN THE PRC)

**U.S.\$155,000,000 5.30 per cent. Notes due 2024**  
**to be consolidated and form a single series with the U.S.\$160,000,000 5.30 per cent.**  
**Notes due 2024 issued on 20 August 2021**

**Issue Price of the New Notes: 99.998 per cent.**  
**plus an amount corresponding to accrued interest from, and including,**  
**20 August 2021 to, but excluding, the New Issue Date**

The U.S.\$155,000,000 5.30 per cent. Notes due 2024 (the “**New Notes**”) will be issued by Chongqing International Logistics Hub Park Construction Co., Ltd. (重慶國際物流樞紐園區建設有限責任公司) (the “**Issuer**”), a company incorporated with limited liability in the PRC. The New Notes have the same terms and conditions (in all respects except for the principal amount, issue date and issue price of the New Notes) as the U.S.\$160,000,000 5.30 per cent. Notes due 2024 (the “**Existing Notes**”, and together with the New Notes, the “**Notes**”) of the Issuer, which were issued on 20 August 2021 (the “**Existing Issue Date**”). References in this Offering Circular to the “**Notes**” shall be to the Existing Notes and the New Notes collectively. The New Notes will be consolidated and form a single series with the Existing Notes and vote together as one series on all matters with respect to the Notes on 3 September 2021 (the “**New Issue Date**”). The New Notes will be immediately fungible with the Existing Notes upon issue on the New Issue Date. Upon issuance of the New Notes, the aggregate principal amount of outstanding Notes will be U.S.\$315,000,000. The Notes will bear interest from the Existing Issue Date at the rate of 5.30 per cent. per annum. Interest on the Notes is payable semi-annually in arrear in equal instalments on 20 February and 20 August in each year, commencing with the first Interest Payment Date (as defined in the terms and conditions of the Notes (the “**Terms and Conditions**”)) falling on 20 February 2022.

The Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its competent local counterparts (“**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the New Notes with NDRC and obtained a certificate from NDRC on 15 January 2021 evidencing such registration and intends to file or cause to be filed with NDRC the requisite information and documents within the prescribed timeframe in accordance with the NDRC Circular and shall comply with all applicable PRC laws and regulations in connection with the Notes.

The Issuer has undertaken to submit or cause to be submitted an application for registration of the New Notes with SAFE within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》)(the “**Foreign Debt Registration Measures**”) issued by SAFE and which came into effect on 13 May 2013, and (ii) if applicable, the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《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 “**PBOC Circular**”) issued by the People’s Bank of China (the “**PBOC**”) and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the “**Foreign Debt Registration**”), and to comply with all applicable PRC laws and regulations in relation to the Notes.

Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Note at its principal amount on 20 August 2024 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (as defined below) and in writing to the Trustee and the Principal Paying Agent (which notice shall be irrevocable), the Issuer may redeem the Notes in whole, but not in part, at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay Additional 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 August 2021, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Notes (each a “**Noteholder**”) will have the right, at such Noteholder’s option, to require the Issuer to redeem all but not some only of that Noteholder’s Notes on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date. See “*Terms and Conditions of the Notes – Redemption and Purchase*”.

As with the Existing Notes, the New Notes will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

As with the Existing Notes, the New Notes are expected to be assigned a rating of “BBB-” by Fitch Ratings Ltd. and its successors (“**Fitch**”). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency.

**Investing in the Notes involves risks. See “*Risk Factors*” beginning on page 14 for a discussion of certain factors to be considered in connection with an investment in the Notes.**

The Notes 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 may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered only outside the United States in reliance on Regulation S under the Securities Act and applicable state or local securities laws. For a description of these and certain further restrictions on offers and sales of the New Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

**This Offering Circular is for distribution to professional investors only.**

**Section 309B Notification in respect of the Notes** - The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) (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).

The Existing Notes are listed and quoted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Approval in-principle has been obtained from the SGX-ST for permission to deal in, and for the listing and quotation of the New Notes on the Official List of the SGX-ST. Such permission will be granted when the New Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. The approval-in-principle for the listing and quotation of the New Notes on the SGX-ST, admission of the New Notes to the Official List of the SGX-ST, and the quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any) or the Notes. There can be no assurance that such listing will be granted or, if granted, that such listing will be maintained. Under the rules of the SGX-ST, the Notes, if traded on the SGX-ST, are required to be traded in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

The Notes (including the Existing Notes and the New Notes) will be represented by beneficial interests in a new global note certificate (the “**Global Note Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the New Issue Date with a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) (each of Euroclear and Clearstream, a “**Clearing System**”). Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Note Certificate, individual certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

## Joint Global Coordinators

DBS Bank Ltd.

Guotai Junan International

ICBC International

Shenwan Hongyuan (H.K.)

## Joint Lead Managers and Joint Bookrunners

DBS Bank Ltd.

Guotai Junan  
International

ICBC International  
Shenwan Hongyuan  
(H.K.)

CMBC Capital

Zhongtai  
International

Fosun Hani

China International  
Capital Corporation

CEB International

SPDB International

Carnegie Hill  
Capital Partners

Haitong  
International

Offering Circular dated 31 August 2021

## 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 OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, its subsidiaries and affiliates (together with the Issuer, the “**Group**”) and the Notes which is material in the context of the issue, offering, sale or distribution of the Notes (including all information which is required by all applicable laws or, according to the particular nature of the Issuer, the Group and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Group, and the rights attaching to the Notes); (ii) this Offering Circular does not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions; (iv) all reasonable enquiries have been and will be made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements referred to in this Offering Circular; and (v) all descriptions of contracts or other material documents described in this Offering Circular are accurate descriptions in all material respects and fairly summarise the contents of such contracts or documents.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the New Notes described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of DBS Bank Ltd., Guotai Junan Securities (Hong Kong) Limited, ICBC International Securities Limited and Shenwan Hongyuan Securities (H.K.) Limited as joint global coordinators, joint lead managers and joint bookrunners (the “**Joint Global Coordinators**”), CMBC Securities Company Limited, Zhongtai International Securities Limited, Fosun Hani Securities Limited, China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited, SPDB International Capital Limited, Carnegie Hill Capital Partners Limited and Haitong International Securities Company Limited as joint lead managers and joint bookrunners (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) or the Issuer to subscribe for or purchase any of the New Notes. The distribution of this Offering Circular and the offering of the New Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Notes 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 New Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the New Notes, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the New Notes, 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, the New Notes. Distribution of this Offering Circular to any other person other than the potential investor and any person retained to advise such potential investor with respect to its

purchase is unauthorised. Each potential 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 or the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or their respective affiliates, directors, officers, employees, agents, representatives or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes 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 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 to subscribe for or purchase the Notes 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 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, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes. 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 the respective affiliates, directors, officers, employees, agents, representatives or advisers. 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 the respective affiliates, directors, officers, employees, agents, representatives or advisers that any recipient of this Offering Circular should purchase the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents 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 Notes. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Issuer has been assigned a rating of “BBB- (stable)” by Fitch. As with the Existing Notes, the New Notes are expected to be assigned a rating of “BBB-” by Fitch. A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Notes may adversely affect the market price of the Notes.

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 accept any responsibility for the contents of this Offering Circular or assume 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 on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, agents,

representatives or advisers 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 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 Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents, their respective affiliates, directors, officers, employees, agents, representatives or advisers.

**IN CONNECTION WITH THE ISSUE OF THE NEW NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) (IN SUCH CAPACITY, THE “STABILISATION MANAGER”) MAY OVER-ALLOT NEW NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE NEW ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

Listing of the New Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering of the New Notes, 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 New Notes. The Issuer, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, agents representatives or advisers are not making any representation to any purchaser of the New Notes regarding the legality of any investment in the New Notes by such purchaser under any legal investment or similar laws or regulations. Potential investors should not construe anything in this Offering Circular as legal, business or tax advice. Each potential 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 New Notes under applicable laws or regulations.

## **WARNING**

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Notes. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

## **INDUSTRY AND MARKET DATA**

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, 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, the Joint Lead Managers, the Trustee or the Agents, or their respective directors, officers, employees, agents, representatives and advisers makes any representation as to the correctness, accuracy or completeness of that 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

The audited consolidated financial information of the Issuer as at 1 January 2019 and 2020 and 31 December 2020 and for the years ended 31 December 2018, 2019 and 2020 contained in this Offering Circular has been derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2019 and 2020 (the “**Audited Financial Statements**”), which are included elsewhere in this Offering Circular. The Audited Financial Statements were audited by ShineWing Certified Public Accountants LLP (“**ShineWing**”), the independent auditors of the Issuer, in accordance with the Auditing Standards for Certified Public Accountants of China. The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP.

The unaudited but reviewed consolidated financial information of the Issuer as at 30 June 2021 and for the six months ended 30 June 2020 and 2021 contained in this Offering Circular has been derived from the unaudited but reviewed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2021 (the “**Reviewed Financial Statements**”), which are included elsewhere in this Offering Circular. The Reviewed Financial Statements were reviewed by ShineWing in accordance with Review Standards for Chinese Certified Public Accountants No. 2101 – Review of Financial Statements. The Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP. The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors. Consequently, the Reviewed Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the Reviewed Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer’s or the Group’s financial condition and results of operations. In addition, the Reviewed Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer or Group for the full financial year ending 31 December 2021. See “*Risk Factors – Risks Relating to Financial and Other Information – The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors*”.

The Audited Financial Statements and the Reviewed Financial Statements are in the Chinese language and have been translated into English (the “**Financial Statements Translation**”) for inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Audited Financial Statements and the Reviewed Financial Statements and the Financial Statements Translation, the Audited Financial Statements and the Reviewed Financial Statements (as the case may be) shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Audited Financial Statements and the Reviewed Financial Statements. The Audited Financial Statements and the Reviewed Financial Statements are available at the following website: [www.chinamoney.com.cn](http://www.chinamoney.com.cn). None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers has independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

In 2019, the financial information of Chongqing Modern Logistics Industry Equity Investment Fund Management Co., Ltd. (重慶現代物流產業股權投資基金管理有限公司) and Silk Road Payment Co., Ltd. (絲路路通支付有限公司) was no longer consolidated into the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 (the “**2019 Financial Statements**”). In 2020, the financial information of Chongqing Yuou Property Management Co.,

Ltd. (重慶渝歐物業管理有限責任公司) (“**Yuou Property Management**”), Chongqing Xingshengxing Construction Project Management Co., Ltd. (重慶興晟興建設項目管理有限責任公司) and Chongqing Baou Project Management Co. Ltd. (重慶巴歐工程項目管理有限公司) was no longer consolidated into the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 (the “**2020 Financial Statements**”) and the financial information of New Land-Sea Corridor Operation Chongqing Supply Chain Co., Ltd. (陸海新通道重慶供應鏈管理有限公司) (“**Chongqing Supply Chain**”) was consolidated into the 2020 Financial Statements. In 2021, the financial information of Chongqing Supply Chain was no longer consolidated into the Reviewed Financial Statements and the financial information of Chongqing Shunyuan Tongda Equity Investment Fund Partnership (Limited Partnership) (重慶順源通達股權投資基金合夥企業(有限合夥)), Chongqing Xingshengda Construction Project Management Co., Ltd. (重慶興晟達建設項目管理有限公司) and Chongqing Xingshengtong Construction Project Management Co., Ltd. (重慶興晟通建設項目管理有限公司) was consolidated into the Reviewed Financial Statements. See “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2019 Financial Statements, “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2020 Financial Statements and “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements*” of the Reviewed Financial Statements. In addition, MOF has from time to time promulgated certain new accounting standards and new requirements in relation to the format of financial statements (the “**New Accounting Standards and Requirements**”). See “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the 2019 Financial Statements and “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the Reviewed Financial Statements. As a result, the presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods, including (in the case of the 2019 Financial Statements) the consolidated financial statements of the Issuer as at and for the year ended 31 December 2018, which shall not form a part of this Offering Circular, (in the case of the 2020 Financial Statements) the 2019 Financial Statements included elsewhere in this Offering Circular and (in the case of the Reviewed Financial Statements) the consolidated financial statements of the Issuer as at and for the six months ended 30 June 2020, which shall not form a part of this Offering Circular. See “*Risk Factors – Risks Relating to Financial and Other Information – The presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*”.

According to 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**”), any public interest 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 bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land (the “**Public Interest Assets**”) cannot be counted towards the Group’s assets for the purposes of issuing medium and long-term foreign debt. As at 30 June 2021, the Group’s Public Interest Assets amounted to approximately RMB5,051.1 million, representing approximately 8.3 per cent. of the Group’s total assets. Potential investors should note that such amount of the Group’s Public Interest Assets has not been audited or reviewed by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount. Potential investors should not take into account the Group’s Public Interest Assets when assessing the Group’s business, financial condition, results of operations and prospects as the Group’s Public Interest Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Notes, and the enforcement towards the Group’s Public Interest Assets may involve

uncertainties. The Group's Public Interest Assets have not been excluded from the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular and potential investors must therefore exercise caution when using the Audited Financial Statements and the Reviewed Financial Statements to evaluate the Group's business, financial condition, results of operations and prospects. See "*Risk Factors – Risks Relating to the Group's Business – Any Public Interest Assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed*".

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*". Potential investors should seek advice from their own professional advisers if they have doubts about the differences.

This Offering Circular includes figures relating to EBITDA. EBITDA is not a measure of financial performance under PRC GAAP, should not be taken as an indication of the Issuer's or the Group's financial condition or results of operations and should not be considered in isolation of or as a substitute or alternative to operating income, net income, cash flows or any other measures of performance under PRC GAAP. EBITDA does not provide a sufficient basis for an assessment of the Issuer's or the Group's financial condition or results of operations and potential investors should not use EBITDA in isolation of or as a substitute or alternative to the Audited Financial Statements or the Reviewed Financial Statements. Other companies, including those in the industries in which the Group operates, may calculate EBITDA in a different manner. Potential investors should not compare the Group's EBITDA to other similarly titled measures presented by other companies as not all companies calculate EBITDA in the same manner. Potential investors should seek advice from their financial advisers if they have doubts about EBITDA.



## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. Unless otherwise specified, the translation of Renminbi amounts into U.S. dollar amounts has been made, for convenience only, at the rate of RMB6.4566 to U.S.\$1.00 (the noon buying rate in New York City on 30 June 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York (the “**Federal Reserve Board**”) (the “**Noon Buying Rate**”)). Further information regarding exchange rates 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.

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables 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 specified or the context otherwise requires, all references to the “**PRC**”, “**China**” and “**mainland China**” are to the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the 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 the “**PRC government**” are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local governmental entities, and instrumentalities thereof, or where the context requires, any of them, all references to “**S\$**” are to the lawful currency of Singapore, all references to “**Renminbi**” and “**RMB**” are to the lawful currency of the PRC, and all references to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States. 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.

The English names of 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 names 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**” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, 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, revenue, profitability, planned projects and other matters as they relate to the Issuer discussed in this Offering Circular regarding matters that are not historical facts. 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 “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer 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 in this Offering Circular to reflect any change in the Issuer’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 to be materially different include, among others:

- the risks inherent to the industry in which the Group operates;
- the business and operating strategies and the future business development of the Group;
- the general economic, political and social conditions and developments in the PRC and elsewhere;
- changes in competitive conditions and the Group’s ability to compete under these conditions;
- the Group’s operations and business prospects;
- the Group’s capital expenditure and development plans;
- the Group’s expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the continued availability of capital and charges of bank loans and other forms of financing;
- the Group’s financial condition and results of operations;
- any changes in the laws, rules and regulations of the central and local governments of the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant government authorities relating to all aspects of the Group’s business;
- the Group’s dividend distribution plans;
- interest rates and foreign exchange rates, taxes and duties;
- macroeconomic policies of the PRC government; and

- other factors beyond the Group’s control, including those discussed in “*Risk Factors*”.

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.

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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 potential investors in deciding whether to invest in the New Notes. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Potential investors should read this Offering Circular in its entirety, including the section entitled “Risk Factors”, the Audited Financial Statements (including the notes thereto and the audit reports in respect of the Audited Financial Statements included elsewhere in this Offering Circular) and the Reviewed Financial Statements (including the notes thereto and the review report in respect of the Reviewed Financial Statements included elsewhere in this Offering Circular), before making an investment decision.*

## OVERVIEW

The Issuer is a leading state-owned enterprise in Chongqing established by the Chongqing municipal government and is directly supervised and wholly-owned by the Chongqing Shapingba District State-owned Assets Supervision and Administration Commission (重慶市沙坪壩區國有資產監督管理委員會)(the “**Shapingba SASAC**”). The Group focuses on the operation, development and management of the Chongqing International Logistics Hub Park (the “**Logistics Hub Park**”) and assumes important government functions, including expropriating land, formulating and implementing policies on industrial and urban development, subsidising key transportation facilities, fostering industrial development and planning and coordinating the construction of key international trade routes. The Group conducts both government-oriented and market-oriented businesses. In particular, the Group’s government-oriented businesses primarily include land development, infrastructure construction, municipal road maintenance, resident enterprises’ tax management and resettlement housing construction and the Group’s market-oriented businesses primarily include property leasing, joint-venture operations, domestic and international trades, modern logistics, land development, capital investment and financial settlement. As at the date of this Offering Circular, the Group is the sole operator, developer and manager of the Logistics Hub Park and acts as one of the key construction and operation platforms in Shapingba district.

The Logistics Hub Park was established after the 40th Mayor’s Administrative Conference of Chongqing held in September 2007 to highlight, reinforce and develop the significance of two of the key cargo stations located in Chongqing, namely, the Tuanjiecun Railway Cargo Centre Station (團結村鐵路集裝箱中心站)(the “**Tuanjiecun Station**”) and the Xinglongchang Railway Marshalling Station (興隆場鐵路編組站)(the “**Xinglongchang Station**”). Since its establishment, the Logistics Hub Park had played a key role in Chongqing’s industrial transformation during the PRC’s implementation of the 13th Five-Year Plan and has been serving as a demonstrative initiative for cross-region industrial integration in the PRC. In particular, the Logistics Hub Park is designated as a National-level Logistics Park (國家級物流園區) and a Land-sea National Logistics Hub (陸港型國家物流樞紐) which serves to facilitate access to inland cities as well as act as a connecting point along the Silk Road Economic Belt (絲綢之路經濟帶), 21st Century Maritime Silk Road (21世紀海上絲綢之路) and Yangtze River Economic Belt (長江經濟帶). The Logistics Hub Park is located adjacent to the Xiyong Microelectronic Industrial Park (西永微電子產業園區) and the Chongqing University City (重慶大學城) in Chongqing and is strategically situated at the starting point of the Chongqing Railway Port (重慶鐵路口岸), the China Railway Express (中歐班列) and the Western New Land-Sea Corridor (西部陸海新通道). In addition, the Logistics Hub Park has continued to benefit from a wide range of opening-up and favourable policies implemented in Chongqing, which include various strategic cooperation initiatives between China and Singapore under the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity (中新(重慶)戰略性互聯互通示範項目)(the “**Strategic Connectivity Project**”) and the establishment of the China (Chongqing) Pilot Free Trade Zone (中國(重慶)自由貿易試驗區)(the “**Chongqing FTZ**”). As at the date of this Offering Circular, the Logistics Hub Park has been recognised as one of the first batch of National Demonstrative Logistics Parks (全國示範物流區) in China.



For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's total operating revenue was approximately RMB2,314.3 million, RMB2,396.7 million, RMB2,290.8 million, RMB793.6 million and RMB831.9 million, respectively. For the same periods, the Group reported net profit of approximately RMB862.9 million, RMB910.1 million, RMB751.0 million, RMB604.1 million and RMB216.1 million, respectively. As at 30 June 2021, the Group had net assets of approximately RMB23,074.4 million and total assets of approximately RMB61,119.4 million.

The Group has three principal business segments, namely, development and management of the Logistics Hub Park, land development and property management:

- **development and management of the Logistics Hub Park:** The Group cooperates with local government authorities to operate, develop and manage the Logistics Hub Park. The Group's activities range from infrastructure construction to carrying out marketing and promotional activities. The Group seeks to encourage enterprises to establish projects in the Logistics Hub Park and would continue to provide follow-up management and operational services such as property leasing, planning guidance and consulting services to the resident enterprises in the Logistics Hub Park;
- **land development:** As a major land developer in Chongqing, the Group collaborates with local government authorities in Chongqing to acquire, reserve, develop and sell land use rights; and
- **property management:** The Group manages and leases certain investment properties in the Logistics Hub Park.

#### COMPETITIVE STRENGTHS

- Well-positioned to benefit from the strategic importance of Chongqing and Shapingba district;
- Strategically positioned to benefit from Chongqing's status as a prominent inland transportation hub;
- Strong support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC;
- Strong ability and solid track record in attracting quality projects;
- Well-positioned to capitalise on the development of the logistics industry in Chongqing;
- Stable management structure and comprehensive internal control system; and
- Experienced management team.

#### BUSINESS STRATEGIES

The Group's vision is to develop the Logistics Hub Park into an international and domestic transportation hub which connects China to other regions along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt via waterways, airways, railways and highways, a new platform for Asia-Europe cooperation, a nationally recognised free trade zone and a local platform for quality-living, commercial activities and leisure. The Issuer intends to accomplish these goals by implementing the following strategies:

- Continue to develop and enhance the operation and management of the Logistics Hub Park;
- Further develop the Group's core business segments and growth strategies; and
- Leverage its expertise and further capitalise on new business opportunities and synergies created by the strategic importance of Chongqing under the "One Belt, One Road" initiative.

## THE OFFERING

*The following summary contains some basic information about the New Notes 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 the Terms and Conditions and the “Summary of Provisions Relating to the Notes while in Global Form” shall have the same meanings in this summary. For a complete description of the terms of the Notes, see “Terms and Conditions of the Notes” in this Offering Circular. This summary is not intended to be complete and does not contain all of the information that is important to an investor.*

*The offering of the New Notes contemplated hereby will be made pursuant to the Subscription Agreement (as defined in “Subscription and Sale”).*

Issuer . . . . .	Chongqing International Logistics Hub Park Construction Co., Ltd. (重慶國際物流樞紐園區建設有限責任公司).
Notes. . . . .	U.S.\$155,000,000 5.30 per cent. Notes due 2024 (the “ <b>New Notes</b> ”), to be consolidated and form a single series with the U.S.\$160,000,000 in aggregate principal amount 5.30 per cent. Notes due 2024 issued on 20 August 2021 (the “ <b>Existing Notes</b> ”, and together with the New Notes, the “ <b>Notes</b> ”) on the New Issue Date. The New Notes will be immediately fungible with the Existing Notes upon issue on the New Issue Date.
Issue Price . . . . .	99.998 per cent., plus an amount corresponding to accrued interest from, and including, the Existing Issue Date to, but excluding, the New Issue Date.
Form and Denomination . .	The Notes will be issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Interest . . . . .	The Notes will bear interest from 20 August 2021 at the rate of 5.30 per cent. per annum, payable semi-annually in arrear in equal instalments on 20 February and 20 August in each year, commencing 20 February 2022. An amount corresponding to the accrued interest on the aggregate principal amount of the New Notes from, and including, the Existing Issue Date to, but excluding, the New Issue Date will be payable to the Issuer upon issue of the New Notes to adjust for the excess payment by the Issuer to the holders of the New Notes during the first Interest Period of the New Notes.
Existing Issue Date . . . . .	20 August 2021.
New Issue Date. . . . .	3 September 2021.
Maturity Date . . . . .	20 August 2024.
Status of the Notes . . . . .	The Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Negative Pledge . . . . .	The Notes will contain a negative pledge provision as further described in Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions.
Notification to NDRC . . .	The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe 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 which came into effect on 14 September 2015 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “ <b>NDRC Post-issue Filing</b> ”). The Issuer shall complete the NDRC Post-issue Filing and provide such document(s) evidencing due filing with the NDRC within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Notes.
Foreign Debt Registration.	<p>The Issuer undertakes to submit or cause to be submitted an application for registration of the New Notes with SAFE within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) if applicable, the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《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》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the “<b>Foreign Debt Registration</b>”).</p> <p>The Issuer shall use its best endeavours to complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within 10 PRC Business Days after receipt of the relevant documents evidencing completion of the Foreign Debt Registration from SAFE, (i) provide the Trustee with a certificate in English signed by an authorised signatory of the Issuer confirming the completion of the Foreign Debt Registration (together with the document(s), if any, evidencing due filing with the SAFE) ((i) and (ii) collectively, the “<b>Registration Documents</b>”) and (ii) provide to the Trustee for dissemination to the Noteholders in accordance with Condition 15 (<i>Notices</i>) of the Terms and Conditions a notice confirming the completion of the Foreign Debt Registration.</p> <p>For avoidance of doubt, the “<b>SAFE Registration Deadline</b>” means the day falling 120 PRC Business Days after the Existing Issue Date.</p>
Redemption at Maturity . .	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate which is applicable on 13 August 2021 (the “**Applicable Rate**”), the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received 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 “**Additional Amounts**”) as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Redemption for Tax  
Reasons . . . . . The Notes maybe 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 Noteholders and in writing to the Trustee and the Principal Paying Agent (which notice shall be irrevocable) at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (A) the Issuer has or will become obliged to pay Additional 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 August 2021; and
- (B) 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 Amounts if a payment in respect of the Notes were then due.

Redemption for Relevant Event . . . . .	<p>At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to such Put Settlement Date (as defined in the Terms and Conditions) (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date.</p> <p>A "<b>Change of Control</b>" occurs when the Controlling Person, in aggregate, (i) ceases to own directly or indirectly 100 per cent. of the voting rights of the issued share capital of the Issuer or (ii) ceases to have the right to appoint and/or remove all of the members of the Issuer's board of directors or other governing body (except for one member which, under the constitutive documents of the Issuer, shall be appointed by the employees of the Issuer), whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contracts or otherwise;</p> <p>"<b>Controlling Person</b>" means the State-owned Assets Supervision and Administrative Commission of the Chongqing Municipal People's Government or any other person wholly controlled by the government of the PRC;</p> <p>a "<b>Non-Registration Event</b>" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;</p> <p>"<b>Registration Condition</b>" means the receipt of the Registration Documents referred to in Condition 3(e) (<i>Registration with SAFE</i>) of the Terms and Conditions by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer within 10 PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration;</p> <p>"<b>Relevant Event</b>" means a Change of Control or a Non-Registration Event; and</p> <p>"<b>SAFE Registration Deadline</b>" means the day falling 120 PRC Business Days after the Existing Issue Date.</p>
Events of Default . . . . .	<p>Upon the occurrence of certain events as described in Condition 8 (<i>Events of Default</i>) of the Terms and Conditions, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.</p>
Cross-default . . . . .	<p>The Notes will contain a cross-acceleration provision as further described in Condition 8(c) (<i>Cross-acceleration</i>) of the Terms and Conditions.</p>



Clearing Systems. . . . .	The Notes (including the Existing Notes and the New Notes) will be represented by beneficial interests in a new Global Note Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Note Certificate, owners of interests in Notes represented by a Global Note Certificate will not be entitled to receive individual Note Certificates in respect of their individual holdings of Notes. The Notes are not issued in bearer form.
Clearance and Settlement .	<p>The Existing Notes have been accepted for clearance by Euroclear and Clearstream. On the New Issue Date, the New Notes will be consolidated and form a single series with the Existing Notes, and the whole series of Notes will be cleared by Euroclear and Clearstream under the following codes:</p> <p>ISIN: XS2361085975.</p> <p>Common Code: 236108597.</p>
LEI Code . . . . .	30030066Q0QO0DGFUS05.
Governing Law . . . . .	English law.
Trustee and Principal Paying Agent. . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent. . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Listing. . . . .	The Existing Notes are listed and quoted on the SGX-ST. Approval in-principle has been obtained from the SGX-ST for permission to deal in, and for the listing and quotation of the New Notes on the Official List of the SGX-ST. Such permission will be granted when the New Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. The approval-in-principle for the listing and quotation of the New Notes on the SGX-ST, admission of the New Notes to the Official List of the SGX-ST, and the quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any) or the Notes. There can be no assurance that such listing will be granted or, if granted, that such listing will be maintained. Under the rules of the SGX-ST, the Notes, if traded on the SGX-ST, are required to be traded in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

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

Ratings . . . . . The Issuer has been assigned a rating of “BBB- (stable)” by Fitch. As with the Existing Notes, the New Notes are expected to be assigned a rating of “BBB-” by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency.

Further Issues . . . . . Further to the issue of the New Notes, the Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest, the timing for filing with the NDRC and the timing to perform and complete the Foreign Debt Registration) so as to consolidate and form a single series with the Notes, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions.

Use of Proceeds . . . . . See “*Use of Proceeds*”.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

*The summary audited consolidated financial information of the Issuer as at 1 January 2019 and 2020 and 31 December 2020 and for the years ended 31 December 2018, 2019 and 2020 set forth below has been derived from the Audited Financial Statements, which are included elsewhere in this Offering Circular. The Audited Financial Statements were audited by ShineWing, the independent auditors of the Issuer, in accordance with the Auditing Standards for Certified Public Accountants of China. The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. The summary audited consolidated financial information of the Issuer below should be read in conjunction with the Audited Financial Statements, including the notes thereto and the audit reports in respect of the Audited Financial Statements included elsewhere in this Offering Circular.*

*The summary unaudited but reviewed consolidated financial information of the Issuer as at 30 June 2021 and for the six months ended 30 June 2020 and 2021 set forth below has been derived from the Reviewed Financial Statements, which are included elsewhere in this Offering Circular. The Reviewed Financial Statements were reviewed by ShineWing in accordance with Review Standards for Chinese Certified Public Accountants No. 2101 – Review of Financial Statements. The Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP. The summary unaudited but reviewed consolidated financial information of the Issuer below should be read in conjunction with the Reviewed Financial Statements, including the notes thereto and the review report in respect of the Reviewed Financial Statements included elsewhere in this Offering Circular. The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors. Consequently, the Reviewed Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the Reviewed Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's or the Group's financial condition and results of operations. In addition, the Reviewed Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer or Group for the full financial year ending 31 December 2021. See "Risk Factors – Risks Relating to Financial and Other Information – The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors".*

*The Audited Financial Statements and the Reviewed Financial Statements are in the Chinese language and have been translated into English, i.e. the Financial Statements Translation, for inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Audited Financial Statements and the Reviewed Financial Statements and the Financial Statements Translation, the Audited Financial Statements and the Reviewed Financial Statements (as the case may be) shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Audited Financial Statements and the Reviewed Financial Statements. The Audited Financial Statements and the Reviewed Financial Statements are available at the following website: [www.chinamoney.com.cn](http://www.chinamoney.com.cn). None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers has independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.*

In 2019, the financial information of Chongqing Modern Logistics Industry Equity Investment Fund Management Co., Ltd. and Silk Road Payment Co., Ltd. was no longer consolidated into the 2019 Financial Statements. In 2020, the financial information of Yuou Property Management, Chongqing Xingshengxing Construction Project Management Co., Ltd. and Chongqing Baou Project Management Co. Ltd. was no longer consolidated into the 2020 Financial Statements and the financial information of Chongqing Supply Chain was consolidated into the 2020 Financial Statements. In 2021, the financial information of Chongqing Supply Chain was no longer consolidated into the Reviewed Financial

Statements and the financial information of Chongqing Shunyuan Tongda Equity Investment Fund Partnership (Limited Partnership), Chongqing Xingshengda Construction Project Management Co., Ltd. and Chongqing Xingshengtong Construction Project Management Co., Ltd. was consolidated into the Reviewed Financial Statements. See “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2019 Financial Statements, “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2020 Financial Statements and “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements*” of the Reviewed Financial Statements. In addition, MOF has from time to time promulgated the New Accounting Standards and Requirements. See “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the 2019 Financial Statements and “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the Reviewed Financial Statements. As a result, the presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods, including (in the case of the 2019 Financial Statements) the consolidated financial statements of the Issuer as at and for the year ended 31 December 2018, which shall not form a part of this Offering Circular, (in the case of the 2020 Financial Statements) the 2019 Financial Statements included elsewhere in this Offering Circular and (in the case of the Reviewed Financial Statements) the consolidated financial statements of the Issuer as at and for the six months ended 30 June 2020, which shall not form a part of this Offering Circular. See “*Risk Factors – Risks Relating to Financial and Other Information – The presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods*”.

According to Circular 706, any Public Interest Assets cannot be counted towards the Group’s assets for the purposes of issuing medium and long-term foreign debt. As at 30 June 2021, the Group’s Public Interest Assets amounted to approximately RMB5,051.1 million, representing approximately 8.3 per cent. of the Group’s total assets. Potential investors should note that such amount of the Group’s Public Interest Assets has not been audited or reviewed by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount. Potential investors should not take into account the Group’s Public Interest Assets when assessing the Group’s business, financial condition, results of operations and prospects as the Group’s Public Interest Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Notes, and the enforcement towards the Group’s Public Interest Assets may involve uncertainties. The Group’s Public Interest Assets have not been excluded from the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular and potential investors must therefore exercise caution when using the Audited Financial Statements and the Reviewed Financial Statements to evaluate the Group’s business, financial condition, results of operations and prospects. See “*Risk Factors – Risks Relating to the Group’s Business – Any Public Interest Assets of the Group should not be taken into account when the Group’s business, financial condition, results of operations and prospects are assessed*”.

PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “*Summary of Significant Differences between PRC GAAP and IFRS*”. Potential investors should seek advice from their own professional advisers if they have doubts about the differences.

# SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)	(Unaudited but reviewed)
	(RMB in millions)				
<b>1. Total operating revenue</b>	<b>2,314.3</b>	<b>2,396.7</b>	<b>2,290.8</b>	<b>793.6</b>	<b>831.9</b>
Including: Operating revenue	2,314.3	2,396.7	2,290.8	793.6	831.9
<b>2. Total cost of operation</b>	<b>1,300.6</b>	<b>1,400.8</b>	<b>1,467.2</b>	<b>155.4</b>	<b>604.6</b>
Including: operating cost	1,178.7	1,295.0	1,339.3	109.7	550.6
Taxes and surcharges	22.9	24.6	23.5	8.8	12.9
Selling and distribution expenses	0.5	1.6	1.3	0.5	0.9
General and administrative expenses	74.9	74.4	83.2	35.9	42.8
Financial expenses	23.6	5.2	19.9	0.5	-2.6
Including: Interest expenses	9.0	9.1	28.0	3.4	-
Interest income	3.9	4.1	8.4	2.9	2.6
Add: Other income	-	0.1	3.2	-	-
Investment income (Loss listed with "-")	11.8	39.2	60.3	31.9	19.7
Including: income from investments in associates and joint ventures	-	2.7	3.2	-	-
Gain arising from the changes in fair value (Loss listed with "-")	0.8	15.5	6.1	-	-6.1
Loss on impairment of assets (Loss listed with "-")	-1.2	1.0	-	-	-0.1
Gain arising from the disposal of assets (Loss listed with "-")	-	-	0.1	0.1	-
<b>3. Operating profit (Loss listed with "-")</b>	<b>1,025.1</b>	<b>1,051.7</b>	<b>893.3</b>	<b>670.2</b>	<b>240.8</b>
Add: Non-operating income	0.3	0.8	1.5	1.6	0.1
Less: Non-operating expenses	-	-	0.1	1.6	-
Including: Losses on disposals of non-current assets	-	-	0.1	-	-
<b>4. Total profit (Loss listed with "-")</b>	<b>1,025.4</b>	<b>1,052.5</b>	<b>894.7</b>	<b>670.2</b>	<b>240.9</b>
Less: Income tax expenses	162.5	142.4	143.7	66.1	24.8
<b>5. Net profit (Net loss listed with "-")</b>	<b>862.9</b>	<b>910.1</b>	<b>751.0</b>	<b>604.1</b>	<b>216.1</b>
(1) Classification by ownership					
Net profit attributable to equity holders (shareholders) of the Company	859.1	903.4	734.7	594.8	215.8
*Minority interests	3.8	6.7	16.3	9.3	0.3
(2) Classified by business continuity					
Net profit for continuing operations	862.9	910.1	751.0	604.1	216.1
Net profit for termination operations	-	-	-	-	-
<b>6. Net other comprehensive income after tax</b>	<b>3.9</b>	<b>-1.7</b>	<b>23.7</b>	<b>-</b>	<b>-8.4</b>
Net after-tax net of other comprehensive income attributable to owners of the parent company	0.3	-1.1	12.2	-	-6.6
(1) Other comprehensive income can not subsequently transferred to profit or loss	-	-	-	-	-
1) changes in remeasured defined benefit plans	-	-	-	-	-
2) Other comprehensive income not allowed to be reclassified into profit or loss under the equity method	-	-	-	-	-
3) Changes in fair value of other equity instrument investments	-	-	-	-	-
4) Others	-	-	-	-	-
(2) Other comprehensive income can subsequently transferred to profit or loss	0.3	-1.1	12.2	-	-6.6
1) Other comprehensive income allowed to be reclassified into profit or loss under the equity method	-	-	-	-	-
2) Changes in fair value from Available-for-sale financial assets	7.1	-1.1	17.7	-	-
3) G/L from reclassification of Held-to-maturity investments into available for sale financial assets	-	-	-	-	-
4) Profit and loss from changes in fair value of other debt investments	-	-	-	-	-2.8
5) Amount of financial assets reclassified into other comprehensive income	-	-	-	-	-
6) Provision for credit impairment of other debt investments	-	-	-	-	-
7) Cash flow hedge reserve (The portion of the G/L on the hedging instrument that is determined to be an effective hedge)	-	-	-	-	-
8) Foreign currency translation differences	-	-	-	-	-
9) Others	-6.8	-	-5.5	-	-3.8
*Total comprehensive income attributable to minority shareholders	3.6	-0.6	11.5	-	-1.8
<b>7. Total comprehensive income</b>	<b>866.8</b>	<b>908.4</b>	<b>774.7</b>	<b>604.1</b>	<b>207.7</b>
Total comprehensive income attributable to equity holders (shareholders) of the Company	859.5	902.3	746.8	594.8	209.2
Total comprehensive income attributable to non-controlling interest	7.3	6.1	27.9	9.3	-1.5



## SUMMARY CONSOLIDATED BALANCE SHEET

	As at 1 January		As at	As at 30 June
	2018	2019	31 December 2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)
	(RMB in millions)			
<b>Current assets:</b>				
Cash and cash equivalents	2,310.4	961.4	1,499.4	4,574.5
Accounts receivable	105.9	27.9	30.1	711.0
Advance payment	60.9	139.8	131.8	145.2
Other receivables	12,361.6	14,862.6	16,241.2	6,027.0
Inventories	7,427.4	6,214.9	5,628.8	5,062.3
Other current assets	13.6	20.3	48.0	496.2
<b>Total current assets</b>	<b>22,279.8</b>	<b>22,226.9</b>	<b>23,579.3</b>	<b>17,016.2</b>
<b>Non-current assets:</b>				
Loans and advances to customers	115.8	19.8	19.8	24.8
Available for sale financial assets	946.0	977.0	1,175.6	—
Debt investment	—	—	—	60.0
Investment in other equity instruments	—	—	—	783.8
Long-term receivables	116.2	184.4	286.3	341.3
Long term equity investment	219.4	310.2	331.9	388.5
Investment real estate	2,868.6	3,842.1	3,871.6	3,695.3
Fixed assets	22.2	19.2	18.7	21.2
Construction in progress	—	—	591.3	762.0
Intangible assets	1.1	0.4	0.4	0.3
Goodwill	34.9	33.9	33.9	33.9
Long-term deferred expenditures	67.8	56.7	50.2	49.5
Deferred tax assets	0.3	0.1	0.1	0.1
Other non-current assets	27,351.4	30,996.9	35,684.1	37,942.5
<b>Total non-current assets</b>	<b>31,743.7</b>	<b>36,440.7</b>	<b>42,063.9</b>	<b>44,103.2</b>
<b>Total assets<sup>(1)</sup></b>	<b>54,023.5</b>	<b>58,667.6</b>	<b>65,643.2</b>	<b>61,119.4</b>
<b>Current liabilities:</b>				
Short-term loans	—	—	390.0	366.7
Accounts payable	152.1	282.5	428.6	197.7
Accounts received in advance	3.3	2.5	10.4	29.5
Employee benefits payable	20.8	22.0	22.1	15.0
Including: Salaries payable	20.4	22.0	22.1	15.0
Benefits payable	0.2	—	—	—
Including: Bonuses and welfare funds	—	—	—	—
Taxes and levies payable	223.3	197.3	147.2	70.5
Including: Taxes payable	219.9	194.2	144.1	69.0
Other payables	2,192.1	2,337.8	2,691.6	2,413.9
Non-current liabilities repayable within one year	5,829.5	5,270.0	6,563.1	9,303.2
Other current liabilities	—	0.1	0.4	0.9
<b>Total current liabilities</b>	<b>8,421.1</b>	<b>8,112.2</b>	<b>10,253.4</b>	<b>12,397.4</b>
<b>Non-current liabilities</b>				
Long-term loans	9,801.0	5,783.8	8,869.8	7,161.8
Bonds payable	9,440.8	16,229.6	16,326.2	16,645.7
Long-term payables	4,581.9	6,182.9	6,800.4	1,806.2
Deferred income	0.7	—	—	—
Deferred tax liabilities	31.8	35.5	36.7	33.9
<b>Total non-current liabilities</b>	<b>23,856.2</b>	<b>28,231.8</b>	<b>32,033.1</b>	<b>25,647.6</b>
<b>Total liabilities</b>	<b>32,277.3</b>	<b>36,344.0</b>	<b>42,286.5</b>	<b>38,045.0</b>
<b>Equity holder's (Shareholder's) equity:</b>				
Paid-in capital (Share capital)	3,000.0	3,000.0	3,000.0	3,000.0
National capital	3,000.0	3,000.0	3,000.0	3,000.0
Net amount of paid-in capital (share capital)	3,000.0	3,000.0	3,000.0	3,000.0
Other equity instruments	300.0	—	—	—
Including: Perpetual debt	300.0	—	—	—
Capital reserves	13,983.6	13,983.5	14,197.8	14,197.8
Other comprehensive income	77.3	76.2	88.3	81.8
Surplus reserves	401.1	489.5	565.9	565.9
Including: Statutory surplus reserve	401.1	489.5	565.9	565.9
Undistributed profits	3,204.1	4,002.9	4,661.2	4,876.9
<b>Total equity attributable to equity holders (shareholders) of the Company</b>	<b>20,966.1</b>	<b>21,552.1</b>	<b>22,513.2</b>	<b>22,722.4</b>
*Minority interests	780.1	771.5	843.5	352.0
<b>Total shareholder's equity</b>	<b>21,746.2</b>	<b>22,323.6</b>	<b>23,356.7</b>	<b>23,074.4</b>
<b>Total liabilities and shareholder's equity</b>	<b>54,023.5</b>	<b>58,667.6</b>	<b>65,643.2</b>	<b>61,119.4</b>

### Note:

- (1) According to Circular 706, any Public Interest Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 30 June 2021, the Group's Public Interest Assets amounted to approximately RMB5,051.1 million, representing approximately 8.3 per cent. of the Group's total assets. Potential investors should note that such amount of the Group's Public Interest Assets has not been audited or reviewed by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount.

Potential investors should not take into account the Group's Public Interest Assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's Public Interest Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Notes, and the enforcement towards the Group's Public Interest Assets may involve uncertainties. The Group's Public Interest Assets have not been excluded from the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular and potential investors must therefore exercise caution when using the Audited Financial Statements and the Reviewed Financial Statements to evaluate the Group's business, financial condition, results of operations and prospects. See "Risk Factors – Risks Relating to the Group's Business – Any Public Interest Assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed".

## OTHER FINANCIAL DATA

	As at 1 January and for the year ended 31 December		As at and for the year ended 31 December	As at and for the six months ended 30 June
	2018	2019	2021	2020
	(Unaudited and unreviewed)	(Unaudited and unreviewed)	(Unaudited and unreviewed)	(Unaudited and unreviewed)
EBITDA <sup>(1)</sup> (RMB in millions) . . . . .	1,052.9	1,017.1	854.3	227.2
EBITDA margin <sup>(2)</sup> (%) . . . . .	45.5%	42.4%	37.3%	27.3%
Total debts <sup>(3)</sup> (RMB in millions) . . . . .	26,650.8	28,902.1	33,525.4	34,644
Total debts/Total assets (%) . . . . .	49.33%	49.26%	51.07%	56.68%
Net debts <sup>(4)</sup> (RMB in millions) . . . . .	24,340.4	27,940.7	32,026.0	30,069.2
Total debts/EBITDA . . . . .	25.3	28.4	39.2	152.5
Net debts/EBITDA . . . . .	23.1	27.5	37.5	132.3
EBITDA/Interest <sup>(5)</sup> . . . . .	37.6	111.8	94.9	N/A

### Notes:

- (1) EBITDA for any period is calculated as operating profit adjusted for financial expenses, other income, investment income, gains (losses) arising from the changes in fair value, losses on impairment of assets, gains (losses) arising from the disposal of assets, depreciation of fixed assets and amortisation of intangible assets and long-term deferred expenditures. EBITDA is not a measure of financial performance under PRC GAAP, should not be taken as an indication of the Issuer's or the Group's financial condition or results of operations and should not be considered in isolation of or as a substitute or alternative to operating income, net income, cash flows or any other measures of performance under PRC GAAP. EBITDA does not provide a sufficient basis for an assessment of the Issuer's or the Group's financial condition or results of operations and potential investors should not use EBITDA in isolation of or as a substitute or alternative to the Audited Financial Statements or the Reviewed Financial Statements. Other companies, including those in the industries in which the Group operates, may calculate EBITDA in a different manner. Potential investors should not compare the Group's EBITDA to other similarly titled measures presented by other companies as not all companies calculate EBITDA in the same manner. Potential investors should seek advice from their financial advisers if they have doubts about EBITDA.
- (2) EBITDA margin is calculated as EBITDA divided by operating revenue.
- (3) Total debts consist of all short-term loans, corporation loan (included in other payables), non-current liabilities repayable within one year, long-term loans and bonds payable. Total debts do not include amounts due to the related parties.
- (4) Net debts are calculated as total debts minus cash and cash equivalents.
- (5) Interest is calculated as interest expenses plus capitalised interests.

## RISK FACTORS

*Prior to making any investment decision, potential investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Group believe that the following factors may affect their ability to fulfil their obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer and the Group are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Group believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer and the Group believe that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay principal, interest (if any), distribution (if any) or other amounts or fulfil other obligations on or in connection with the Notes may occur for other reasons and the Issuer and the Group do not represent that the statements below regarding the risks of holding the Notes are exhaustive. Additional risks and uncertainties of which the Group is not aware or that the Group currently believes are immaterial may also adversely affect the business, financial condition and results of operations of the Group.*

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

**The Group's business, financial condition and results of operations are subject to the level of economic activities in Chongqing, and are heavily dependent on the development of the Logistics Hub Park**

The Group's business and assets are highly concentrated in Chongqing. Accordingly, the Group's business, financial condition and results of operations have been, and will continue to be, heavily dependent on the level of economic activities in and around Chongqing. While Chongqing's economic growth and development had significantly benefited the Group and allowed it to grow at a rapid pace in the past, the rate of Chongqing's economic growth and development has slowed down in recent years and there can be no assurance that the level of economic activities in Chongqing will continue to grow at the same rate as in the past, or at all.

The Group's businesses are primarily focused on the operation, development and management of the Logistics Hub Park. For each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, substantially all of the Group's operating revenue was attributable to the Group's activities in the Logistics Hub Park. The Group has incurred, and will continue to incur, significant costs in the operation, development and management of the Logistics Hub Park. Any material adverse events affecting the development of the region and surrounding areas could negatively impact the Logistics Hub Park, which in turn could affect the Group's revenue and profitability. Such adverse events could include changes in economic conditions and regulatory environment, changes in government development plans and policies for the Logistics Hub Park and surrounding regions, a slowdown in the development of the property sector, a decrease in investor confidence and disasters, whether natural or otherwise. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage potential losses arising from the occurrence of any such events, which could, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

**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 are affected by general global economic conditions. 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. Geopolitical events such as escalation of tensions in the Middle East as well as the continued tensions in the Korean peninsula and between the United States and the PRC over trade policies, political and other issues could significantly undermine the stability of the global economy and financial markets.

More recently, the ongoing COVID-19 pandemic has adversely affected the global economy and financial markets. In December 2019, the first case of a novel strain of coronavirus, COVID-19, was identified. The pandemic has since spread globally 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 ongoing COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have a material 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 can be no assurance that such measures will be effective in ending or deterring the spread of the COVID-19 pandemic. As the COVID-19 pandemic continues to spread globally, many more countries may be affected, which may result in the extension or implementation of further restrictive measures. 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. As the situation of the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic may pose a material adverse effect on the Group's business, financial condition, results of operations, profitability and prospects.

While central banks of different countries, including the Federal Reserve Board, 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 remain 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. The Group may also be subject to solvency risks of banks and of its counterparties in its financial arrangements and contracts. Therefore, instability in the global economy may materially and adversely affect the Group's business, financial condition and results of operations. See *“– The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted”*, *“– The Group's operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters, outbreaks of contagious diseases and other disasters”* and *“– Risks Relating to the Notes – International financial markets and world economic conditions may adversely affect the market price of the Notes”*.

**The Chongqing municipal government can exert significant influence on the Group, which may cause the Group to make decisions or modify its activities or impose new obligations that may not be in the best interest of the Group**

The Group was established pursuant to the approval from the Chongqing municipal government and the Shapingba district government and is a state-owned enterprise directly supervised and wholly-owned by the Shapingba SASAC. Accordingly, the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC can significantly influence the Group's business decisions and strategies, including decisions regarding its scope of activities, investment decisions and dividend policies. The Chongqing municipal government, the Shapingba district government and the Shapingba SASAC may use their abilities to influence the Group's business in a manner that may not be in the Group's best interest. Government authorities may, without prior notice or consent from the Group, implement changes to existing policies and plans or implement new policies and plans that could adversely affect the Group's operations. For example, the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC could change their policies with respect to the use of appropriated land, including land in respect of which the Group has already incurred significant costs. As a result, the Group may not be able to sell the land at the rate it originally intended, or at all, and may not be able to achieve commercial returns on related projects.

If the Chongqing municipal government, the Shapingba district government or the Shapingba SASAC decides to restructure or consolidate the Group's assets or reorganise the Group's corporate structure, it could cause a disruption in the Group's workforce and operations and trigger events of default under the Group's indebtedness, including the Notes.

The Chongqing municipal government, the Shapingba district government and the Shapingba SASAC may also change their policies, intentions, preferences, views, expectations, projections, forecasts and opinions as a result of changes in the economic, political and social environment and its projections of population and employment growth. Any amendment, modification or repeal of regulations and policies could change the existing regulatory regime and materially and adversely affect the Group's business, results of operations and financial condition.

**Relationships with the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC does not imply any credit support from any PRC government entities**

Notwithstanding the Group's strong relationships with the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC and the significant support (but not including credit support) which it had received from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC in the past, the Group is not a part of the Chongqing municipal government, the Shapingba district government or the Shapingba SASAC. The Group is operationally and financially separated from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC and its budget and financial reporting systems, assets and liabilities are separated from those of the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC. None of the Chongqing municipal government, the Shapingba district government, the Shapingba SASAC or any other PRC government entities has any obligation to repay any amount under the Notes and will provide a guarantee of any kind for the Notes. This position has been reinforced by the Circular of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (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)(“**Circular 23**”) and Circular 706. Both Circular 23 and Circular 706 do not, however, prohibit the PRC government from providing support (in various forms including capital injections and subsidies, but excluding the injection of any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Group and the Chongqing municipal government, the Shapingba district government or the Shapingba SASAC in this Offering Circular does not imply in any way any explicit or implicit credit support of the Chongqing municipal government, the Shapingba



district government or the Shapingba SASAC in respect of the Notes, the repayment of which remains as the sole responsibility of the Issuer. See “– *Risks Relating to the Notes – The PRC government has no obligations under the Notes*”.

**Any Public Interest 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 Circular 706, any Public Interest Assets cannot be counted towards the Group’s assets for the purposes of issuing medium and long-term foreign debt. As at 30 June 2021, the Group’s Public Interest Assets amounted to approximately RMB5,051.1 million, representing approximately 8.3 per cent. of the Group’s total assets. Potential investors should note that such amount of the Group’s Public Interest Assets has not been audited or reviewed by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount.

Potential investors should not take into account the Group’s Public Interest Assets when assessing the Group’s business, financial condition, results of operations and prospects as the Group’s Public Interest Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Notes, and the enforcement towards the Group’s Public Interest Assets may involve uncertainties. The Group’s Public Interest Assets have not been excluded from the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular and potential investors must therefore exercise caution when using the Audited Financial Statements and the Reviewed Financial Statements to evaluate the Group’s business, financial condition, results of operations and prospects. In addition, as at the date of this Offering Circular, the Group does not have any plan to dispose the Public Interest Assets. For the purposes of preparing its consolidated financial statements, the Issuer will continue to include all of the Group’s assets (including the Public Interest Assets) in its consolidated financial statements in accordance with PRC GAAP. Noteholders must therefore exercise caution when evaluating the Group’s business, financial condition, results of operations and prospects when reviewing the consolidated financial statements prepared by the Group.

Circular 706 further provides that the punishment for enterprises involved in unlawful financing and guarantee shall be intensified, such enterprises shall be included in the blacklist of relevant fields and the national credit information sharing platform for publicity, trans-departmental joint punishment shall be implemented, notification shall be made in a timely manner and relevant liable parties shall be restricted from filing new applications or participating in the recordation and registration of foreign debts.

As Circular 706 is relatively new and given the limited volume of published decisions relating to Circular 706, the interpretation and implementation of Circular 706 involves uncertainties. In addition, there can be no assurance that the PRC government will not impose penalty on the Group according to Circular 706 or 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 operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters, outbreaks of contagious diseases and other disasters**

Force majeure events, natural disasters, severe weather conditions, catastrophe or other events could result in severe personal injury to the Group’s staff, property damage and environmental and other damage, which may curtail the Group’s operations, cause delays in estimated completion dates for the Group’s various construction and development projects and could in turn materially and adversely affect the Group’s cash flows and accordingly, adversely affect its ability to repay any debt.

Substantially all of the Group’s operations is based in Sichuan Province, which is exposed to potential natural disasters including but not limited to earthquakes, flooding, landslides, mudslides and drought. If any of the Group’s developments are damaged by severe weather or any other disasters, accidents, catastrophes or other events, the Group’s operations may be significantly interrupted. The occurrence or

continuance of any of such unforeseen events or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its operating income and profits.

In addition, the Group's contracts with its suppliers and other counterparties may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests, disobedience movements or disturbances, or any natural disasters, all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's suppliers or other counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's financial condition and results of operations could be materially and adversely affected.

Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. Insurance policies for civil liabilities and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain an adequate level of coverage at least equal to the Group's current coverage and at the same cost. The frequency and magnitude of natural disasters seen over the past few years could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liabilities and damages insurance cover for the Group. See “– *Insurance for the Group's losses may be inadequate*”.

The Group's operations and financial condition could also be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in the PRC or elsewhere. In particular, the ongoing COVID-19 pandemic in the PRC and other countries has led to business suspension, travel and other restrictions, labour shortages and supply or delivery chain constraints in the PRC and globally. It is difficult to predict the level of impact of the ongoing COVID-19 pandemic on the PRC and global economies and there can be no assurance that it would not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The ongoing COVID-19 pandemic 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 governmental authorities such as housing authorities to control the spread of the COVID-19 pandemic may have an adverse impact on the Group's infrastructure construction, land development and real estate businesses. For example, the ongoing COVID-19 pandemic may cause disruptions to the Group's construction-related and land development businesses. The Group's businesses may also be adversely affected by certain relief measures such as rent reduction measures implemented by the PRC government. Although the Group has adopted various remedial measures to minimise the adverse impact of the ongoing COVID-19 pandemic on its businesses and operations, there can be no assurance that remedial measures adopted by the Group will have the intended effects or that the adverse impact of the ongoing COVID-19 pandemic on the Group will not persist.

Substantially all of the Group's operating revenue is derived from its operations in the PRC and 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 impact of the COVID-19 pandemic could materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, if any of the Group's management or employees are affected by the COVID-19 pandemic, the

Group may be required to close down its offices, warehouses and facilities to prevent the spread of the pandemic. The ongoing COVID-19 pandemic 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 ongoing COVID-19 pandemic in the PRC, especially in the cities or provinces where the Group has operations, may also delay completion of the Group's projects as scheduled, causing substantial increase in development costs and/or late delivery of properties, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The ongoing COVID-19 pandemic is expected to 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 the COVID-19 pandemic will evolve and there can be no assurance that the ongoing COVID-19 pandemic 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 heavily relies on government support and favourable policies and any adjustment, reduction or discontinuance of such government support and favourable policies could materially and adversely affect the financial condition and results of operations of the Group**

The Group has in the past received significant support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC in the form of industrial guidance, capital injections and financial support (but not including credit support), land sale revenue and management fee revenue, concessions and government grants. In addition, the Group has relied heavily on favourable economic policies implemented in Chongqing and Shapingba district. See *“Description of the Group – Competitive Strengths – Strong support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC”* and *“Description of the Group – Competitive Strengths – Well-positioned to benefit from the strategic importance of Chongqing and Shapingba district – Favourable economic policies”*.

There can be no assurance that any such government support and favourable policies will not be adjusted, reduced or discontinued due to reasons beyond the Group's control, including changes in local or national policies, or changes to laws and regulations or otherwise. If the favourable government policies and support which are currently available to the Group are adjusted, reduced or discontinued in the future, the viability of the Group's businesses may be affected and the financial condition and results of operations of the Group will be materially and adversely affected.

**The Group is exposed to risks associated when entering into contracts with the PRC government and other public organisations, and its performance may be significantly affected by government spending on infrastructure and other projects**

The Group's customers include agencies or entities owned or otherwise controlled by the PRC government. To the extent that the Group's projects are funded or paid by such agencies or entities, they may be subject to delays or changes as a result of the changes in the PRC government's budgets or of other policy considerations. The PRC government's spending on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in the PRC's economic conditions and changes in the PRC government's policies. The Group has exposure to the risks associated with contracting with public organisations. In addition, any disputes with PRC governmental entities and other public organisations could potentially lead to contract termination if unresolved, or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments due to the Group from these entities and organisations may be delayed as a result. In some circumstances, PRC governmental entities and public organisations may require the Group to change its construction methods, equipment or other performance terms, or direct the Group to reconfigure its designs or purchase specific equipment for the relevant projects, or

undertake additional obligations, or change other contractual terms, resulting in increased costs. Resolution of any disagreement with PRC governmental entities and public organisations with respect to such changes may be time-consuming and may also cause the Group to incur additional costs. Changes in governmental budgets and policies relating to the Group's projects could also result in delays in project commencement or completion, adverse changes to such projects or a withholding of, or delay in, payment to the Group. If a government entity or other public organisation terminates a contract with the Group, the Group's order book could be reduced and the Group's business plans may be adversely affected.

**The Group's operations are subject to extensive governmental regulations and approvals and the Group is susceptible to changes in policies related to the real estate and logistics markets in China**

In order to operate its businesses, the Group must obtain and comply with various permits, licences, certificates, consents and other approvals from various administrative authorities, including land use rights documents, planning permits, construction permits as well as certificates or confirmations of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have a material adverse effect on the Group's operations. For example, certain land parcels were allocated to the Issuer for specific purposes and may not be transferred, mortgaged or leased without prior approval of the competent government authorities. The Group is also subject to inspections, examinations, inquiries and audits by government authorities as part of the process of maintaining or renewing its permits, licences, certificates and governmental consents and approvals.

There can be no assurance that the Group will be able to fulfil the pre-conditions necessary to obtain the required permits, licences, certificates and governmental consents and approvals or that it will be able to adapt to new laws, regulations or policies which may come into effect from time to time. There may also be delays on the part of the relevant administrative bodies in reviewing the Group's applications and in granting the necessary consents and approvals to the Group. There can be no assurance that the Group's projects will not be subject to delays or fines in relation to its failure to obtain or maintain the required permits, licences, certificates and governmental consents and approvals.

In addition, there can be no assurance that PRC government authorities will not issue laws and regulations which could restrict the Group's current and future activities, including the Group's planned use of its land resources. The PRC government may also adopt more stringent industry policies and measures in the future. If the Group fails to adapt its operations to any such new laws, regulations, policies and measures, or if any changes in laws and regulations or governmental policies and measures disrupt the Group's business or cause the Group to incur additional costs, the Group's business, prospects and results of operations may be materially and adversely affected.

**The Group is required to make certain regulatory filings and pay certain fees, levies and charges to the relevant government agencies as part of its business operations and a failure to do so in a timely manner, or at all, could have a material adverse effect on the Group's business financial condition and results of operations**

The Group is required to make certain regulatory filings or pay certain fees, levies and charges to the relevant government agencies as part of its business operations and a failure to do so, or at all, could expose the Group to the imposition of sanctions, fines, penalties, revocation of licence or other punitive actions such as suspension of the Group's business operations or restrictions or prohibitions on certain of the Group's business activities. There can be no assurance that the Group will be able to make all necessary regulatory filings with all relevant government agencies or pay all relevant fees, levies and charges in a timely manner, or at all. The Group's failure to make all necessary regulatory filings or to pay all relevant fees, levies and charges in a timely manner, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group has no control over the level of government support it receives**

A portion of the Group's operating revenue is derived from government support over which the Group has no control. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's operating revenue from management fee revenue of the Logistics Hub Park accounted for approximately 33.0 per cent., 26.9 per cent., 38.2 per cent., 63.5 per cent. and 18.0 per cent., respectively, of the Group's total operating revenue. Most of the Group's operating revenue from the operation, development and management of the Logistics Hub Park is derived from management fees paid to the Group by instalments in each year by the Shapingba district government, the timing of which is typically beyond the Group's control. See *"– Description of the Group – Businesses – Development and management of the Logistics Hub Park – Management fees"*.

In addition, the Group heavily relies on government support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC. The availability and magnitude of such support are typically subject to factors beyond the Group's control, which include government liquidity, budgeting priorities and other considerations. Changes in the local government debt level and fiscal policies, budgets and agenda could result in decreased government support allocated to the Group. Any adjustment, reduction or discontinuance of government grants or other support to the Group, or any delay in payment of management fees, grants and subsidies to the Group, could materially and adversely affect the Group's business, financial condition and financial results of operations.

As at the date of this Offering Circular, the Issuer's share capital is not subject to any pledges created by the Shapingba SASAC. However, there can be no assurance that the PRC government will not pledge its equity interests in the Issuer to secure other indebtedness in the future. In the event of a breach of or default under the terms of these borrowings, equity interests in the Issuer pledged by the PRC government could be transferred to the pledgees as a result of the enforcement of the pledges, thereby diluting the level of government control over the Group. In addition, restructuring activities by the PRC government could cause the PRC government to transfer a portion of its equity interests in the Issuer to non-governmental shareholders. Restructuring activities by the PRC government or the enforcement of the share pledges could result in a loss of the Group's wholly state-owned status and could cause the Group to lose some of the government support it presently enjoys, including, for example, management fees currently paid to the Group, and materially and adversely affect the Group's business, financial condition and results of operations. Any restructuring or consolidation of the Group's assets or reorganisation of the Group's corporate structure by the PRC government may also trigger events of default under the Group's indebtedness, including the Notes. See *"– The Chongqing municipal government can exert significant influence on the Group, which may cause the Group to make decisions or modify its activities or impose new obligations that may not be in the best interest of the Group"*.

**The Group engages in government policy projects which serve the public interests for which the Group may not be able to achieve commercial returns**

The Issuer is a state-owned enterprise directly supervised by the Shapingba SASAC and is from time to time required to engage and participate in projects which serve the government policy public interests generally but may not be commercially viable to the Group's business. In particular, the Group may not be able to achieve any commercial returns from such projects and may fail to recover all of its costs for such projects. For example, the Group had developed several resettlement housing projects in Chongqing. Unlike ordinary commodity housing projects, resettlement housing development promotes public interest considerations of the government and, therefore, is not a highly profitable business. The Group is involved in various government policy projects and may participate in additional government policy projects in the future. There can be no assurance that such participation will not have a material adverse effect on the Group's business, financial condition and results of operations.



**The cyclical nature of the real estate industry could adversely affect the Group's results of operations**

The Group's results of operations are, and will continue to be, affected by the cyclical nature of the real estate industry in the PRC. Property values and rents are typically affected by factors such as supply and demand of comparable properties, interest rates, inflation, economic growth rates, tax laws and political and economic developments in the PRC. There can be no assurance that property values and rents will not decline and the Group expects that the cyclical nature in its real estate-related businesses could cause fluctuations in its overall results of operations.

**The Group faces risks relating to resettlement housing development projects**

Resettlement housing development projects in the PRC involve many uncertainties relating to governmental approvals and consents from indigenous residents and are capital-intensive. For example, the Group is typically required to obtain a wide range of government approvals as well as consents from indigenous residents prior to the commencement and throughout the process of its resettlement housing development projects. There can be no assurance that the Group will be able to obtain all relevant approvals and consents on favourable terms, or at all. In addition, there can be no assurance that any favourable terms in the Group's agreements with the relevant PRC government entities will not be modified and laws and practices relating to enforcement of contracts against PRC government entities typically involves significant uncertainties. There can also be no assurance that title to land parcels subject to these government contracts can be obtained or that the Group will be successful in obtaining sufficient capital, generate investment returns from its resettlement housing development projects or complete its resettlement housing such projects in a cost-effective manner, or at all. Any failure to complete or generate investment returns from the resettlement housing development projects could materially and adversely affect the Group's business, financial condition and results of operations.

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

There are a number of construction, financing, operating and other risks associated with project development in the PRC. The Group's construction and land development projects typically require substantial capital expenditure prior to and during the construction and development period and may take many months or several years before it generates positive cash flows through pre-sale or sale. The time taken and the costs involved in completing construction 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, shortages of materials, equipment and labour, adverse weather conditions, natural catastrophes, terrorism, labour disputes, disputes with subcontractors, customer defaults, accidents and changes in governmental priorities particularly in relation to city zoning, planning and plot ratios and other unforeseen circumstances. See "*The Group faces risks relating to resettlement housing development projects*". Any of these instances could give rise to delays in the completion of the Group's construction projects, which in turn could lead to cost overruns. Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets may adversely affect the Group's financial position and results of operations and may also cause reputational damage to the Group. In addition, as construction costs for new projects have generally increased due to factors that are generally beyond the Group's control, construction delays may further increase such costs. Although the majority of the Group's construction projects have been completed on schedule, there can be no assurance that the Group will not experience such delays in delivery of its projects in the future or that the Group will not be subject to any liabilities for any such delays.

**The Group may be subject to adverse administrative actions and penalties for any failure to meet the prescribed specifications of a property development project**

Government authorities would typically inspect properties developed by the Group upon completion of the construction phase and would issue completion acceptance certificates if the relevant property is developed in accordance with the prescribed specifications and is in compliance with the relevant laws



and regulations. In particular, if the total gross floor area of a developed property exceeds the prescribed specifications or if a developed property contains built-up areas that do not conform with the construction plans set out in the relevant construction permits, the Group may be required to pay additional amounts or take corrective actions with respect to the non-compliant gross floor areas before a completion acceptance certificate can be issued.

The Group had obtained completion acceptance certificates for all of its developed properties and had not been subject to any administrative fines and penalties for non-compliance with prescribed property development specifications as at 30 June 2021. However, there can be no assurance that relevant government authorities will not revoke the Group's completion acceptance certificates or that the Group will continue to be able to comply with relevant property development specifications, including the relevant gross floor area requirements, in its future property development projects. The Group may be subject to adverse administrative actions and penalties for any failure to meet the prescribed specifications of a property development project, which could materially and adversely affect the Group's business, financial condition and results of operations.

**The Group relies on third-party contractors and may not be able to effectively control the quality and timing of their services or manage associated costs**

The Group engages third-party contractors and other third-party professionals to carry out its construction and development projects and deliver specialised services such as conducting feasibility studies and market researches, land clearance and levelling, large-scale construction of municipal infrastructure and ancillary public facilities, construction supervision, surveying and mapping, land maintenance and cost consultancy. The Group's payments to contractors include the costs of materials and the equipment necessary for them to perform their obligations, after which the Group would typically rely on the judgment of contractors to select the most suitable materials and equipment.

The Group's procurement team typically selects contractors via a bidding process, which typically requires bidders to provide contractual assurances on the quality of work and completion dates. The Group would also monitor its work-in-progress by examining raw materials and supplies and conducting on-site inspections. However, there can be no assurance that the services rendered or materials or equipment used by any of the Group's contractors will always meet the Group's quality requirements at a cost acceptable to the Group, that the Group or its construction contractors will successfully detect instances of substandard materials or work quality, or that the Group will be able to find satisfactory replacement contractors, if needed, at an acceptable cost, or at all.

The Group's construction contracts would typically provide that the contractors engaged are responsible for the procurement of raw materials, equipment and services required for construction while the Group would monitor procurement costs and construction quality. There can be no assurance that the Group's internal procurement and oversight measures will be able to sufficiently control the quality and costs of each project. The occurrence of any of the above could delay the completion of the relevant land development project and/or cause the Group to incur additional costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**Delays or defaults in payments by customers may affect the Group's working capital and cash flows**

Delays and defaults in payments by customers may significantly increase the Group's working capital needs. In particular, the Group may have already incurred significant costs and expenditures in the relevant projects and any delay or default in payments by its customers could materially and adversely affect the Group's results of operations and reduce the Group's financial flexibility. Although the Group may be entitled to file a claim for compensation, settlement of disputes generally takes time, financial and other resources and the outcome of any such dispute is often uncertain. There can be no assurance that customers will make payments to the Group in a timely manner, or at all, or that the Group will be

able to efficiently manage the level of bad debts arising from any late payments or customer defaults. Any delay or default in payments from customers could have a material adverse effect on the Group's business, financial condition and results of operation.

**The Group's construction and land development projects typically require substantial capital expenditure prior to and during the construction and development period and the Group may require additional financing for its future construction and land development projects**

The Group faces risks and uncertainties at the early stages of its construction and land development projects. The Group's construction and land development projects typically require substantial capital expenditure prior to and during the construction and development period and may take many months or several years before it generates positive cash flows through pre-sale or sale. There can be no assurance that the Group will be able to develop these projects to the point where they will generate profits. If the Group cannot successfully develop these projects, it may require additional financing and there can be no assurance that it will be able to obtain such financing on favourable terms, or at all. The inability of the Group to recoup its investments during the construction and development period of its construction and land development projects or obtain additional financing as needed could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is not insulated from the rising costs of labour and prices of raw materials, construction materials and building equipment**

As a result of the economic growth in the PRC, wages for construction workers and the prices of raw materials, construction materials and building equipment have undergone substantial increases in recent years. In addition, the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法)(the "**PRC Labour Contract Law**") which came into effect on 1 July 2013 has enhanced the protection for employees and increased the liabilities of employers in many circumstances, which may further increase the Group's labour costs. See "*– Risks Relating to the PRC – The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC*". The Group bears the risk in respect of fluctuations in wages and is exposed to the price volatility of raw materials, construction materials and building equipment used in its construction and land development projects. If the Group is unable to pass on any increase in the costs of labour, raw materials, construction materials and building equipment to its customers, its results of operations may be materially and adversely affected. There can be no assurance as to the future price movements of any raw materials, construction materials and building equipment required by the Group and any adverse price movements in the future could have a material adverse effect on the Group's financial condition and results of operations.

Contracting fees paid to third-party contractors are one of the significant factors affecting the Group's operating cost. Contracting fees encompass all costs for the design and construction of a project, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Contracting fees may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. If there are significant price fluctuations, the Group may be required to renegotiate, top up or refund the amounts paid under existing construction contracts. In addition, should the Group's existing contractors fail to perform under their contracts, the Group might be required to pay more to contractors under replacement contracts. The Group's profit margin is sensitive to changes in market prices for construction materials and its profitability could be materially and adversely affected if the Group is not able to pass all of the increased costs onto its customers.

**The Group's business is subject to compliance risks and any failure of the Group to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits, approvals, certificates and licences for its operations may adversely affect its business, financial condition and results of operations**

Pursuant to the applicable laws and regulations in China, the Group is required to obtain or renew qualifications, permits, approvals, certificates and licences with respect to its relevant operations. Some members of the Group may not have the requisite qualifications, permits, approvals, certificates or licences to conduct some of the businesses described in their business licences from time to time. Although the Issuer believes that such non-compliance would not materially and adversely affect the Group's business, financial condition and results of operations, there can be no assurance that such non-compliance or future non-compliance would not materially and adversely affect the Group's financial condition and results of operations.

In addition, there are stringent laws and regulations affecting the Group's construction-related businesses such as the Construction Law of the People's Republic of China (中華人民共和國建築法) and the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法). Moreover, the Group must comply with rules deriving from the terms of agreement and performance of contracts with governmental entities and orders and laws governing construction activities and the applicable technical rules governing the delivery of services, supplies and works. According to applicable PRC laws and regulations, the Group needs to obtain a number of qualifications, permits, approvals, certificates and licences from different governmental authorities and to comply with extensive procedural requirements before it is qualified to carry on the relevant regulated business activities. For example, the Group is required to obtain a project approval, an environmental assessment approval, a construction land planning permit (建設用地規劃許可證), a construction project planning permit (建設工程規劃許可證), a construction permit (建築工程施工許可證) and a qualification certificate for its construction operations.

There are inherent risks associated with the implementation, enforcement and interpretation of PRC laws. Governmental authorities also have a great discretion in determining the granting of qualifications, permits, approvals, certificates and licences. These factors have caused and are expected to continue to result in inconsistent application, enforcement or interpretation of law in the PRC. There are significant uncertainties associated with the procedural requirements under applicable PRC laws and regulations for the Group's existing businesses and the new businesses which the Group intends to operate in the future. There can be no assurance that the Group will be able to obtain the necessary qualifications, permits, approvals, certificates and licences in a timely manner, or at all.

PRC governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's business operations. The Group may be unable to comply with new laws, regulations or policies or fail to respond to any changes in the regulatory environment in a timely manner, or at all. In addition, to ensure the restrictions and conditions of relevant business qualifications, permits, approvals, certificates and licences are fulfilled, governmental authorities typically conduct regular or special inspections, investigations and inquiries against the Group. There can be no assurance that such inspections, investigations or inquiries would not materially and adversely affect the Group.

Certain members of the Group may from time to time be found in breach of administrative regulations and be ordered to pay administrative fines as a result. If there is any material non-compliance by the Group or its business, the Group's qualifications, permits, approvals, certificates and/or licences may be suspended or revoked, and the Group may be required to pay fines or be subject to other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. There can be no assurance that the Group will be able to obtain or renew all necessary qualifications, permits, approvals, certificates and licences in a timely manner, or at all. Failure to comply with the applicable laws and regulations or the inability to obtain the relevant qualifications, permits, approvals, certificates and licences could expose the Group to the imposition of

sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restrictions or prohibitions on certain of the Group's business activities, which may materially and adversely affect the Group's financial condition and results of operations.

**The Group has no control over the timing for sale of its developed land and the selling price of such land is subject to market forces in the bidding process**

Substantially all of the Group's land remediation revenue is derived from the sale of land parcels developed by it. Every year, the Group would typically select land parcels developed by it and would propose to sell the same by including the selected land parcels in its annual land sales plan submitted to the local government authorities. Upon approval of the annual land sales plan by the Chongqing municipal government, local government authorities would arrange for the relevant land parcels to be sold via public auctions, tenders or listing for transfers. However, the exact timing of such sales in any particular year is determined by local governmental authorities. As a result, the Group's results of operations may fluctuate significantly from period to period.

The final prices at which land use rights are sold are ultimately determined via a bidding process. There can be no assurance that the Group's developed land could be sold in time, at a favourable price or at all. As at the date of this Offering Circular, the Group does not anticipate a material suspension of land sales under the current government policies. However, if there is any failure or delay in selling land or if sale prices are insufficient to generate a profit on such sales, the Group's business, financial condition and results of operations could be materially and adversely impacted.

**The Group is subject to joint venture risks**

Certain of the Group's operations are conducted through jointly-controlled entities and associated companies. Cooperation and agreement among the Group's joint venture partners on its existing and any future projects are important factors for the smooth operation and financial success of such projects. The Group may not be able to control the decision making process of the joint ventures if it does not have majority control (whether through shareholding, contractual agreement or otherwise) of such jointly-controlled entities or associated companies. In addition, there may be disputes between the Group and its joint venture partners over capital contributions, business strategies and other operational decisions in respect of the jointly-controlled entities or associated companies. Such disputes may affect operations of the jointly-controlled entities or associated companies and may lead to litigation between the Group and its joint venture partners. Any dispute between the Group and its joint venture partners could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group faces competition in the markets in which it operates and failure to compete effectively could materially and adversely affect its business**

The Group faces competition in the markets in which it operates. The Group's competes primarily with operators of other industrial zones focusing on similar businesses and industries and, especially those in Chongqing and other regions at Southwest China. In addition, the Group may face increased competition in the future as additional logistics properties are scheduled for completion over the next few years in China.

Increased competition may result in, among others, a decrease in land and property sale revenue, occupancy rates bidding success rates and an increased construction costs. Failure to compete effectively may result in loss of the Group's market share which, in turn, could materially and adversely affect the Group's financial condition and results of operations.

**The Group requires significant capital for its business and is exposed to the impact of changes in interest rates and other risks in respect of its borrowings. If the Group is unable to obtain additional capital on acceptable terms in a timely manner, at a reasonable cost or at all, its prospects and profitability may be materially and adversely affected**

The Group's business is capital-intensive. The Group requires significant capital resources to fund new projects, expand its business, maintain, renew and replace its operating assets and infrastructure and maintain and improve its operation efficiency. A significant amount of capital resources is also required for the Group to grow and expand into new business areas, thereby further increasing the Group's funding requirements.

The Group has historically financed its working capital needs and capital expenditure through utilising government grants, internal cash flows from operating activities and external financing via various channels such as bank borrowings, debt issuances and trust financing. In addition, many of the Group's customers rely on bank borrowings and mortgage loans to purchase the Group's land and properties. Increases in bank reserve requirement ratios may reduce the amount of funds available to commercial banks in the PRC for lending to businesses, including to the Group, or to consumers who wish to finance their purchases via bank borrowings. Moreover, interest rate volatility can make it difficult for the Group to make plans and implement its strategies and could deter the Group's potential customers from making their purchasing decisions.

The Group's ability to obtain external financing and the cost of such financing are subject to a variety of uncertainties, which include:

- the condition of financial markets;
- potential changes in monetary policies with respect to bank interest rates and lending policies;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing; and
- the Group's operational performance.

If the Group is unable to obtain financing on a timely basis at a reasonable cost or at all, it may not be able to undertake new projects or implement such projects as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services provided by the Group and could materially and adversely affect the Group's business, financial condition and results of operations.

**The Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its future strategy and operations and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations**

The Group currently has, and will in the foreseeable future continue to have, a substantial amount of indebtedness. As at 30 June 2021, the Group's short-term loans, corporation loan (included in other payables), non-current liabilities repayable within one year, total current liabilities, long-term loans and bonds payable amounted to approximately RMB366.7 million, RMB1.2 billion, RMB9.3 billion, RMB12.4 billion, RMB7.2 billion and RMB16.6 billion, respectively, while the Group's cash and cash equivalents amounted to approximately RMB4.6 billion.

The Group may incur substantial additional indebtedness in the future, including the issuance of debt securities or entering into banking or other loan arrangements. The substantial level of existing indebtedness and incurrence of further indebtedness could have significant consequences to the Group's business, including:

- limiting the Group's ability to satisfy its obligations on its outstanding debt;

- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flows from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's ability to capture investment and/or acquisition opportunities and inhibiting its ability to grow and expand its business;
- adding to the Group's interest exposure as a proportion of its costs of doing business;
- limiting the Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reducing the Group's competitiveness compared to its competitors that have less debt;
- limiting the ability to pay dividends to shareholders;
- limiting, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and
- increasing the costs of additional financing.

Creditors of the Issuer's subsidiaries would have a claim on the Issuer's subsidiaries' assets that would be prior to the claims of the Issuer's creditors. As a result, the payment obligations under the Issuer's indebtedness and liabilities will be effectively subordinated to all existing and future obligations of the Issuer's subsidiaries, and all claims of creditors of the Issuer's subsidiaries will have priority as to the assets of such entities over the Issuer's claims and those of its creditors.

In addition, the Group continually reviews its current and expected future funding requirements and evaluates and engages in discussions with financial institutions and other market participants on proposals regarding different sources of funding. In incurring indebtedness and liabilities from time to time, members of the Group may create security over their assets, receivables or equity interests in companies or entities held by them (which may include the Issuer's subsidiaries) in favour of the relevant creditors. Secured interests granted over such assets may limit the Group's ability to utilise such assets. In addition, should any of such secured indebtedness becomes immediately due and payable as a result of any default in payment or the occurrence of other events of default as defined under the relevant secured indebtedness, the relevant secured creditors would be entitled to take enforcement actions against such secured assets, receivables and equity interests. The secured creditors might take over the relevant subsidiaries' titles to the secured assets, receivables and equity interests or sell them through auction. In such an event, the value of the Group's asset portfolio will diminish and fewer assets and/or equity interests will be available for distribution to unsecured creditors if the relevant subsidiaries are in liquidation. If any member of the Group incurs additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

Also, certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure or amending its articles of association, in each case without the lender's prior consent. Such restrictions may negatively affect the ability of the relevant member of the Group to respond to changes in market conditions, pursue business opportunities which 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 including the Notes.



Furthermore, if the Group or the relevant subsidiaries are unable to comply with the restrictions (including restrictions on the Group's 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 Group 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 arrangements entered into by the Groups and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Group or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debts, or result in a default under other debt agreements. If any of these events occur, there can be no assurance that the assets and cash flows of the Group or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Group or its subsidiaries would be able to find alternative financing. Even if the Group 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 Group or its subsidiaries.

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

As at 1 January 2019 and 2020, 31 December 2020 and 30 June 2021, the Group's accounts receivable were approximately RMB105.9 million, RMB27.9 million, RMB30.1 million and RMB711.0 million, respectively, representing approximately 0.2 per cent., 0.05 per cent., 0.05 per cent. and 1.2 per cent. of the Group's total assets, respectively, while the Group's long-term receivables were approximately RMB116.2 million, RMB184.4 million, RMB286.3 million and RMB341.3 million, respectively, representing approximately 0.2 per cent., 0.3 per cent., 0.4 per cent. and 0.6 per cent. of the Group's total assets, respectively. In addition, as at 1 January 2019 and 2020, 31 December 2020 and 30 June 2021, the Group's other receivables were approximately RMB12,361.6 million, RMB14,862.6 million, RMB16,241.2 million and RMB6,027.0 million, respectively, representing approximately 22.9 per cent., 25.3 per cent., 24.7 per cent. and 9.9 per cent. of the Group's total assets, respectively.

The Group's construction and land development projects typically take a long time to complete and there are inherent risks associated with the ability of the Chongqing municipal government, the Shapingba district government and other governmental entities to make timely payments which may impair the Group's accounts receivable, long-term receivables and other receivables. The Group typically incurs material, equipment and labour costs associated with a project on an ongoing basis at the beginning of a project or before achieving its relevant project milestones. There can be no assurance that the Group's customers will make payment in full in a timely manner, or at all. Delays or failures in receiving payments for projects which the Group has already incurred significant costs and expenditures can materially and adversely affect the Group's working capital and cash flows and reduce the Group's financial resources that would otherwise be available to fund other projects.

**The Group has historically experienced fluctuations in its net cash inflows from operating activities and the Group incurred net cash outflows from operating activities for the six months ended 30 June 2020**

The Group has historically experienced fluctuations in its net cash inflows from operating activities. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group's net cash inflows from operating activities were approximately RMB1,199.1 million, RMB877.6 million, RMB992.8 million and RMB4,361.6 million, respectively. The ability of the Group to generate sufficient cash inflows from operating activities is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, due performance of the Group's contracts, changes in the general market conditions and regulatory environment and competition in certain sectors in which the Group operates. Any adverse change in any of these factors, which may be beyond the Group's control, may create capital shortfall and there can be no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times, or at all.

For the six months ended 30 June 2020, the Group incurred net cash outflows from operating activities of approximately RMB857.0 million. Net cash outflows from operating activities may reduce the Group's financial flexibility and its ability to obtain additional borrowings from banks. There can be no assurance that the Group will be able to record net cash inflows from operating activities in the future. The Group's liquidity and financial condition may be materially and adversely affected should the Group incur net cash outflows from operating activities in the future, and there can be no assurance that the Group will have sufficient cash from other sources to fund its operations.

**The results of operations and cash inflows from operating activities from the Group's various business segments may vary significantly from period to period**

The results of operations and cash inflows from operating activities from the Group's three principal business segments may vary significantly from period to period due to a number of factors, including the timing of the Group's construction and land development projects, the Group's revenue recognition policies and any volatility in expenses. The overall schedule for the Group's construction and land development projects and the number of projects that the Group can complete during any particular period are both limited due to the substantial capital required for construction and land development projects.

In addition, the construction and land development projects undertaken by the Group and the rent levels affecting the Group's property management business are subject to general market and economic conditions as well as the demand for urban infrastructure construction in the areas where the Group conducts its business. Changes in economic conditions and the Group's ability to undertake new projects or manage and lease investment properties can cause significant fluctuations in the Group's results of operations and cash inflows from operating activities.

**The Group is subject to credit risks associated with the Group's guarantees to entities outside the Group such as government authorities and other third-party enterprises**

The Group has in the ordinary course of its business provided, and may from time to time provide, guarantees in respect of indebtedness incurred by entities outside the Group such as government authorities and other third-party enterprises. The Group is subject to the credit risks of the borrowers on these guarantees because any non-performance by any of the borrowers, over which the Group has no control, could result in the related guarantee being enforced against the Group. As at 30 June 2021, the balance of the Group's inter-groups guarantees amounted to approximately RMB6,426.0 million, representing approximately 27.8 per cent. of the Group's shareholder's equity. For details of such guarantees as at 30 June 2021, see "*Notes to the financial statements – IX. Contingent Events*" of the Reviewed Financial Statements.

If the Group is unable to procure performance or obtain repayment from the relevant state-owned enterprises or guaranteed entities in respect of any enforced guarantees, the Group's business, financial condition and results of operations could be materially and adversely affected.

**The Group is required to comply with various environmental, safety and health laws and regulations which may be onerous or expensive to comply with**

The Group is required to comply with various environmental, health and safety laws and regulations promulgated by the PRC government. Environmental laws and conditions may result in project delays, cause the Group to incur substantial compliance and other costs and prohibit or severely restrict the Group's project development plans and progress. In addition, the Group cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on the Group or its operations. If the Group fails to comply with these laws and regulations, it could be exposed to penalties, fines, suspension or revocation of its licences or permits, business suspension, administrative proceedings or litigation. Given the magnitude and complexity of these laws and regulations, compliance or the establishment of effective monitoring systems may be onerous or could require a significant amount of financial and other resources. 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, the compliance to which may cause the Group to incur significantly increased costs which may not be pass onto its customers.

**The Group's results of operations depend heavily on its ability to execute its business and growth strategies**

The Group's results of operations depend heavily on the Group's ability to identify and successfully execute its business strategies, which include attracting and retaining high-quality tenants, achieving market rental rates and upgrading the infrastructure in the Logistics Hub Park. The Group's success will also depend on the continued growth in the manufacturing and export industries in Chongqing and the surrounding regions. Furthermore, the Group is required to obtain a wide range of governmental approvals and consents with respect to each of the projects which it intends to undertake. There can be no assurance as to the timing and completion of any of the Group's investments or the availability of any high-quality investment opportunities.

The Group may face challenges in implementing its strategies and the Group's ability to achieve its goals may be adversely affected by various factors which are beyond its control including changes in economic environment and government policies such as government policies related to the development of Chongqing, Shapingba district or the Logistics Hub Park. If the Group is not able to execute its business strategies, its business, financial condition, results of operations and prospects will be materially and adversely affected.

**The Group depends on its senior management team and other staff members and its ability to attract and retain qualified management personnel**

The Group depends on the efforts and skill of its management team and other staff members. For a description of the Group's senior management team, see "*Directors, Supervisors and Senior Management*". As a result, the Group's success depends to a significant extent on the continuing service and coordination of these individuals who are not obliged to remain employed with the Group. Therefore, the Group's success is dependent on its ability to identify, hire, train and retain suitably skilled and qualified employees with requisite industry expertise. The loss of any member of the Group's senior management team or its other key employees could have a material adverse effect on its business if the Group is unable to find suitable replacements in a timely manner, or at all. Competition for such personnel is typically intense and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could materially and adversely affect the Group's business and prospects.

**Reputational damage could adversely affect the Group's business**

The Group's business is impacted by the level of trust and confidence of its customers and employees. Damage to the Group's reputation could cause significant harm to its business. Reputational damage could arise from numerous sources such as employee misconducts, compliance failures, litigation, or governmental investigations. In addition, any failure to or perceived failure deliver service with an appropriate standard or to treat customers and clients fairly could result in a wide range of reputational damage such as customer dissatisfaction, litigation, breach of information security and heightened regulatory scrutiny, all of which could lead to a lost in operating revenue, higher operating costs and harm to the Group's goodwill. Adverse publicity about the Group, regardless of whether such publicity is true or not, may also cause harm to the Group's business. Should any events or circumstances that could undermine the Group's reputation occur, there can be no assurance that the additional costs and expenses which the Group may incur in addressing such issues would not materially and adversely affect the Group's financial condition and results of operations.

**The Group faces litigation risks in the ordinary course of its business**

In the ordinary course of the Group's business, claims involving customers, subcontractors, joint venture partners, suppliers, intellectual property right holders, government agencies and other parties may be brought against or by the Group. Claims may be brought against the Group for alleged defective or incomplete work, liability for defective products related to personal injury or death, damage to or destruction of property and late completion of a project or other forms of private actions. Such claims could involve actual damages and liquidated damages. See "*Description of the Group – Legal Proceedings and Compliance*".

The outcome of litigation may be difficult to assess or quantify. Plaintiffs in such lawsuits could seek recovery of large or indeterminate amounts and the magnitude of potential costs losses relating to such lawsuits may remain unknown for substantial periods of time. There could also be negative publicity associated with litigation regardless of whether the allegations are valid or whether the Group is ultimately found liable.

If the Group is found liable for any of the claims against it, the Group would incur a charge against earnings to the extent that a reserve had not been established for the matter in its accounts or to the extent that the claims were not sufficiently covered by the Group's insurance. Claims brought by the Group against its contractors may include claims for additional costs incurred in excess of current contractual provisions arising out of project delays and changes in the initial scope of work.

Both claims brought against and by the Group, if not resolved through negotiation, could be subject to lengthy and expensive litigation or arbitration proceedings and the amounts ultimately recovered by the Group from a successful claim could differ from the balances included in the Group's financial statements. Any litigation could, therefore, have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group may be unable to maintain an adequate supply of raw materials and or procure supplies at acceptable prices and quality and in a timely manner**

Successful operations of the Group would depend on its ability to obtain from its suppliers sufficient quantities of raw materials, energy supplies and other commodities at acceptable prices and quality and in a timely manner. The Group is exposed to the risk of fluctuations in commodity prices for raw materials such as steel, cement, explosives, admixture, waterproofing materials, and other construction materials used for its construction and land development projects in the Logistics Hub Park. The price and availability of such raw materials may vary significantly from year to year due to factors such as China's import restrictions, consumer demand, producer capacity, market conditions and cost of materials, most of which are beyond the Group's control. In addition, the Group may also be materially and adversely affected by increases in energy prices, including electricity and fuel prices, for the operation of its machinery and equipment.

There can be no assurance that the Group will be able to maintain an adequate supply of raw materials from its existing suppliers or other alternative sources at acceptable prices and quality and in a timely manner, or at all. There can be no assurance that the Group will not encounter difficulties in obtaining sufficient or quality raw materials or that the Group will be able to absorb any increase in commodity prices by passing them onto its customers.

**The Group may be subject to infringement claims of third-party intellectual property rights**

In the process of implementing new technologies and processes, the Group may not be aware of any existing third-party intellectual property rights and may therefore be unable to assess the scope and validity of such rights in relation to its products and operations. Accordingly, the Group may become subject to infringement claims of third-party intellectual property rights. Intellectual property litigation could materially and adversely affect the development or sale of the challenged product or technology and would typically require the Group to pay substantial damages or royalties in order to obtain licensed

rights from the relevant third parties. Such licences may not be available to the Group on acceptable terms or costs, if at all. There can be no assurance that the Group's current measures are adequate and that it will not be subject to infringement claims brought by owners of any third-party intellectual property rights. Any intellectual property litigation could cause the Group reputational damage and significant costs and would divert its personnel's attention and efforts, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's business may be materially and adversely affected if the Group fails to maintain risk management and internal control systems or those systems prove to be ineffective or inadequate**

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect the Group's ability to record, process, summarise and report financial and other data in an accurate and timely manner, and would adversely affect the Group's ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's internal control system may contain inherent limitations and may be impaired by employee errors or faults. As a result, there can be no assurance that the Group's risk management and internal control systems are adequate or effective and any failure to address any internal control matters or other deficiencies could result in investigations, disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to the Group's risk management system and a material adverse effect on the Group's business, financial condition and results of operations.

**Failure to maintain effective quality control systems could have a material adverse effect on the Group's business and operations**

The performance and quality of the Group's services and products are critical to the success of its business. These factors depend significantly on the effectiveness of the Group's quality control systems, which, in turn, depend on a number of factors such as the design of the quality control systems, the quality of the training programmes and the Group's ability to ensure that its employees would adhere to the quality control policies and guidelines. Any failure to maintain effective quality control systems or any deterioration of the Group's quality control systems could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group relies on information technology systems for its business and any information technology system limitations or failures could materially and adversely affect the Group's business, financial condition and results of operations**

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated business disruptions, slower response times and limitations on its ability to monitor and manage data and risk exposure, control financial and operation conditions and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses and potential intervention by regulatory authorities.

There can be no assurance that the Group's systems will not experience future failures and delays, or that the measures taken by the Group to reduce the risk of system disruptions are effective or adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade its technology systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increase in internet traffic or communication volume or expand and upgrade its systems and infrastructure to accommodate any increases in a timely manner, or at all.

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

The Group may be exposed to fraud or other misconducts committed by its employees, representatives, agents, customers or other third parties that could affect the Group's reputation and subject it to litigation, financial losses and sanctions imposed by governmental authorities. Such misconducts could include:

- hiding unauthorised or unlawful 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 that are material to the Group's decision to make or dispose of investments and to engage in certain projects;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to counterparties in return for any type of benefit or gain;
- misappropriating funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise failing to comply 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 instances 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 misconducts and the precautions which the Group takes to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconducts will not occur in the future. If such fraud or other misconducts does occur, it may result in negative publicity for the Group.

**Insurance for the Group's losses may be inadequate**

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

- construction interruptions caused by operational errors, electricity outages, raw material and construction material shortages, equipment failure and other operational risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the real estate property it develops;
- work-related personal injuries;
- on-site construction-related accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;



- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which the Issuer believes to be consistent with market practice within the relevant industries that the Group operates in and in amounts that the Issuer believes to be adequate. However, the Group faces various risks in connection with its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. There can be no assurance that the insurance policies maintained by the Group will provide adequate coverage in all circumstances. Although the Group's facilities had a track record of safe operation and none of them has suffered any material hazards over the last three years, there can be no assurance that hazards, accidents or mishaps will not occur in the future. The occurrence of any such incident for which the Group is uninsured or inadequately insured may have a material adverse effect on its business, financial condition and results of operations.

In addition, the Group may not always be able to obtain the type and amount of insurance at commercially reasonable rates. Over time, premiums and deductibles for insurance policies may substantially increase, and certain insurance policies could become unavailable or only available with reduced amounts of coverage. There are also certain types of losses, such as losses caused by wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liabilities, that are generally not covered by insurance policies as such events are deemed economically uninsurable. If the Group were to incur significant liabilities for which the Group is not insured or not fully insured, such liabilities could have a material adverse effect on its financial position and results of operations. In addition, any claims made under any insurance policies maintained by the Group may not be paid in a timely manner, or at all, and may be insufficient if such an event were to occur.

## **RISKS RELATING TO THE PRC**

### **PRC and Chongqing economic, political and social conditions, as well as government policies, could affect the Group's business and prospects**

Substantially all of the Group's assets are located in the PRC and substantially 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 a significant degree, to economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, uniformity in the interpretation and implementation of laws in relation to control of foreign exchange and control over capital investment and allocation of resources.

As the global economy has emerged from the financial crisis, some countries have started to withdraw the stimulus packages previously executed and have begun implementing more moderate monetary policies. The PRC government has withdrawn the economic stimulus plan implemented during the financial crisis and returned to its previous general policy directions.

Currently, the employment, credit and property market conditions of developed economies remain unstable. This instability, coupled with ongoing concerns regarding the sovereign debt crisis in Europe, has led to uncertainty in the global and PRC economies. In recent years, a number of measures were taken by the PRC government to control the rate of economic growth, which contributed to a slowdown of China's economy. Concerns about China's future growth may have an adverse impact on financial markets, currency exchange rates and other economies. Such uncertainties in the global and PRC economies may adversely affect the Group's financial condition and results of operations in many ways, including, among other things:

- creating difficulties for business enterprises to obtaining long-term financing from the financial and capital markets during a credit crunch. A shortage of financing could affect the Group in particular because its investments in infrastructure are capital-intensive; and
- the withdrawal of the economic stimulus plan and other supportive economic policies may cause interest rates to increase. This would in turn increase the Group's costs of financing and impede some of its investment plans.

Furthermore, the Group's businesses and assets are highly concentrated in Chongqing. Accordingly, the Group's business, financial condition and results of operations have been and will continue to be heavily dependent on the level of economic activity in Chongqing. The Group may be adversely affected by any unfavourable developments that decrease the demand for logistics related services or that affect employment rates, job growth and interest rate in Chongqing and the surrounding area.

There can be no assurance that changes to the Chongqing, PRC or global economy or the political or social conditions in the PRC will not materially and adversely affect the Group's future, business, results of operations and financial condition.

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

In September 2014, the State Council of the PRC (the “**State Council**”) released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見)(“**Circular 43**”). In accordance with Circular 43, financing platform companies shall no longer function as financing vehicles of the local governments nor incur new government debts. New public interest projects of a local government that are not for profit earning should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Such private investors and special purpose companies shall invest in accordance with market oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the local government shall not be liable for any of the private investors' or the special purpose companies' debts. There have been a few stray cases where certain debts of the local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases are comparable or relevant to other local governments' financing platforms or not is unclear, and different local governments' interpretation and application of Circular 43 may vary from one another. It is unclear what impact Circular 43 has on the existing government debts of the local financing platforms in the PRC.

In addition, on 23 October 2014, the Ministry of Finance (“**MOF**”) promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法)(“**Circular 351**”) based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of the financing platforms of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts.

In April 2017, MOF, together with NDRC, the PBOC, the China Securities Regulatory Commission (“**CSRC**”), China Banking Regulatory Commission and the Ministry of Justice, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43. In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations,

including Circular 43. Consequently, the Group should rely upon the cash flows generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

In addition, the PRC government issued Circular 23 on 28 March 2018. Circular 23 aims to strengthen oversight of state-owned financial institutions and increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of local government financing vehicles that they assist in fundraising. On 11 May 2018, Circular 706 was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of local governments' debt. Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality with clear ownership and Public Interest Assets are prohibited from being included in corporate assets. See *“– Risks Relating to the Notes – The PRC government has no obligations under the Notes”* and *“Risk Factors – Risks Relating to the Group's Business – Any Public Interest Assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed”*.

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in China. See *“PRC Regulations – Regulations on Fiscal Debts of Local Governments”*. As Circular 43 and the related legislations are relatively new, the interpretation and implementation of the legislation by the PRC central government and different local governments may vary from one to the other. It is uncertain how they will be implemented and how it will affect the Group's business and financial performance in the future.

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

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

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

#### **The PRC legal system has inherent uncertainties that could affect the Group's business and results of operations as well as the interest of investors in the Notes**

The Group is a state-owned company incorporated in the PRC. The PRC legal system is based on written statutes, while prior court decisions can only be cited as reference. Since the late 1970s, the PRC has promulgated a number of laws and regulations dealing with economic matters such as the issuance and trade of securities, foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, such laws and regulations may be subject to inconsistent interpretation and implementation. Moreover, published court opinions are limited and these decisions are of limited precedential value because they are not binding on subsequent cases. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular,

because these laws and regulations (including Circular 23 promulgated on 28 March 2018 and took effect on the same day and Circular 706 promulgated on 11 May 2018 and took effect on the same day) are relatively new, and given the limited volume of published decisions relating to these laws and regulations, the interpretation and implementation of these laws and regulations involve uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. Uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protection and remedies that are available to the Group in its operations and to the Noteholders as investors. In addition, any bankruptcy proceeding relating to the Group would likely involve PRC bankruptcy laws. The procedural and substantive provisions of PRC bankruptcy laws may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

On 14 September 2015, NDRC issued the NDRC Circular, which came into effect on the same date. According to the NDRC Circular, domestic enterprises and/or their overseas controlled entities must procure the registration of any issue of debt securities outside the PRC with NDRC prior to such issue, and notify the particulars of such issue within 10 working days after such issue. The administration of the NDRC Circular may be subject to executive and policy discretion by NDRC. There can be no assurance that the Issuer will be able to comply with NDRC requirements to provide the notification of the particulars of the issue of the Notes to NDRC within the prescribed timeframe. The NDRC Circular does not expressly state the legal consequences of non-compliance with such post-issue notification requirements. Therefore, there can be no assurance that the failure to comply with the NDRC requirements would not result in adverse consequences for the Issuer or the investors in the Notes. There is also no assurance that the registration with NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Notes in the PRC. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

**It may be difficult to effect service of process upon, or to enforce against, the Issuer or its director or members of the Issuer's senior management who reside in the PRC in connection with judgments obtained in non-PRC courts**

Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the Issuer's director and the members of its senior management may be located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Issuer or its director or members of its senior management inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of 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 "**Choice of Court Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into

a “choice of court” agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer, the Group’s assets or the Issuer’s director or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the “**2019 Arrangement**”), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for “choice of court” agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgements rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Issuer or the Issuer’s director or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

**Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries**

Substantially all members of the Group are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders’ rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

**The PRC government’s control of foreign currency conversion may limit the Group’s foreign exchange transactions**

A substantial proportion of the Group’s assets and revenues are denominated in Renminbi. Currently, Renminbi cannot be freely exchanged into foreign currency, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, the Group will have sufficient foreign currencies to meet the Group’s demand for foreign currency. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from the State Administration of Foreign Exchange of the PRC (“SAFE”), but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that are licensed to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE. If the Group fails to obtain approval from SAFE to exchange Renminbi into any foreign currencies for any purposes, the Group’s capital expenditure plans and the Group’s businesses, operating results and financial condition may be materially and adversely affected.

**Fluctuations in the value of Renminbi may adversely affect the businesses of the Group and the value of distributions by its PRC subsidiaries**

The Notes are denominated in U.S. dollars, while substantially all of the Group’s revenue is generated by its PRC operating subsidiaries and is denominated in Renminbi. The value of Renminbi is subject to changes in the PRC government’s policies and depends to a large extent on domestic and international



economic and political developments, as well as supply and demand in the local market. Since 1994, the conversion of Renminbi into foreign currencies has been based on exchange rates published by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates in the PRC and current exchange rates on the world financial markets. Since 1994, the official exchange rate for the conversion of Renminbi into U.S. dollars has generally been stable. 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. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged the floating band for the trading prices in the interbank foreign exchange spot market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was expanded to 1.0 per cent. and the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients was expanded from 1.0 per cent. to 2.0 per cent. The PBOC announced on 15 March 2014 that from 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of the published central parity of U.S. dollars on that day, instead of 2 per cent. Subsequently, the Renminbi depreciated 4.3 per cent. from 30 June 2015 to 31 December 2015. The exchange rate between the Renminbi and the U.S. dollar experienced further fluctuation between 1 January 2016 and the date of this Offering Circular. In August 2019, the PBOC on 5 August 2019 set the Renminbi's daily reference rate below 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the U.S. dollar. If further reforms are implemented and result in devaluation of the Renminbi against the U.S. dollar, the Group's business, financial condition, results of operations and prospects could be adversely affected because of the Group's U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and ability to satisfy its obligations under the Notes.

**The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC**

On 28 December 2012, the PRC government enacted the PRC Labour Contract Law, which became effective on 1 July 2013. The PRC Labour Contract Law imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or are better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.



In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees, 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, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products are likely to increase. This may in turn affect the selling prices of the products, which may then affect the demand of such products and thereby adversely affect the Group's sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC was 2.5 per cent. in 2020. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. 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 its profitability.

## **RISKS RELATING TO FINANCIAL AND OTHER INFORMATION**

### **The Group's auditors have been under investigation initiated by relevant PRC authorities**

ShineWing, the independent auditors of the Issuer, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including MOF and CSRC. ShineWing has been subject to several investigations initiated by CSRC ("CSRC Investigations"). According to ShineWing, the CSRC Investigations were not related to the ShineWing team serving as the Issuer's independent auditors and do not otherwise qualify the team's in this offering. The CSRC Investigations were mainly focused on the independence of the auditors, the appropriateness of the implementation of accounting standards, the adequacy of professional skepticism in the auditing process and the reasonableness of the judgment made by the auditors. ShineWing has confirmed that rectifications have been made in accordance with CSRC's recommendation. ShineWing has also confirmed to the Group that their audit and review work for the Group, including in respect of the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular, is not affected by the investigation.

CSRC may during an investigation period against a registered accounting firm in the PRC impose sanctions on the investigated accounting firm, its management, officers or employees, refuse to accept applications which include reports or opinions audited and/or reviewed by the investigated accounting firm, or jointly with MOF order that the investigated accounting firm's relevant licences be revoked, pursuant to which no securities and futures business services may be provided. CSRC may also re-examine the financial statements audited and/or reviewed by an investigated accounting firm and announce such financial statements to be untrue or unreliable. Such further sanctions may restrict the

registered accounting firm from providing audit and/or reviewed services or other services in connection with the Group's financing transactions. Potential investors should consider these factors prior to making any investment decision.

**The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors**

The Reviewed Financial Statements have not been audited by ShineWing or any other independent auditors. Consequently, the Reviewed Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the Reviewed Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's or the Group's financial condition and results of operations. In addition, the Reviewed Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer or Group for the full financial year ending 31 December 2021.

**The presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods**

In 2019, the financial information of Chongqing Modern Logistics Industry Equity Investment Fund Management Co., Ltd. and Silk Road Payment Co., Ltd. was no longer consolidated into the 2019 Financial Statements. In 2020, the financial information of Yuou Property Management, Chongqing Xingshengxing Construction Project Management Co., Ltd. and Chongqing Baou Project Management Co. Ltd. was no longer consolidated into the 2020 Financial Statements and the financial information of Chongqing Supply Chain was consolidated into the 2020 Financial Statements. In 2021, the financial information of Chongqing Supply Chain was no longer consolidated into the Reviewed Financial Statements and the financial information of Chongqing Shunyuan Tongda Equity Investment Fund Partnership (Limited Partnership), Chongqing Xingshengda Construction Project Management Co., Ltd. and Chongqing Xingshengtong Construction Project Management Co., Ltd. was consolidated into the Reviewed Financial Statements. See “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2019 Financial Statements, “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements – 4. Changing Scope of consolidation*” of the 2020 Financial Statements and “*Notes to the financial statements – VII. Business Combination and Consolidated Financial Statements*” of the Reviewed Financial Statements.

In addition, MOF has from time to time promulgated the New Accounting Standards and Requirements. See “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the 2019 Financial Statements and “*Notes to the financial statements – V. Changes in Accounting Policies and Accounting Estimates and Correction of Errors – 1. Changes in accounting policies and their impacts*” of the Reviewed Financial Statements.

As a result, the presentation of certain accounting items in the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular may not be comparable to the financial figures in the financial statements of the Issuer for the previous periods, including (in the case of the 2019 Financial Statements) the consolidated financial statements of the Issuer as at and for the year ended 31 December 2018, which shall not form a part of this Offering Circular, (in the case of the 2020 Financial Statements) the 2019 Financial Statements included elsewhere in this Offering Circular and (in the case of the Reviewed Financial Statements) the consolidated financial statements of the Issuer as at and for the six months ended 30 June 2020, which shall not form a part of this Offering Circular.

As the scope of consolidation of Issuer's consolidated financial statements may change from time to time and MOF may promulgate new accounting standards or requirements in relation to financial statements from time to time, there can be no assurance that such changes in scope of consolidation or new accounting standards or requirements would not materially and adversely affect the Issuer's accounting policies or the presentation of the Issuer's consolidated financial statements.

**The Audited Financial Statements and the Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP, which differs in certain material respects from IFRS**

The Audited Financial Statements and the Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. See "*Summary of Significant Differences between PRC GAAP and IFRS*". Each potential investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles as well as how those differences might affect the financial information contained herein.

**Historical consolidated financial information of the Group is not indicative of its current or future financial condition or results of operations**

The historical consolidated financial information of the Group included in this Offering Circular is not indicative of its current or future financial condition or results of operations. Such financial information is not intended to represent or predict the Group's financial condition or results of operations of any current or future periods. The Group's financial condition and results of operations may change materially if its growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its businesses. The Group may also acquire businesses or companies or dispose of its subsidiaries or assets from time to time in accordance with its business objectives. Period-to-period comparisons of the Group's historical operating results must be evaluated in light of the impact of any such transactions.

**The Issuer has published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Potential investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular**

The Issuer issues debt securities in the domestic capital markets in the PRC from time to time. According to applicable PRC securities laws and regulations, the Issuer needs to publish its quarterly, semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its debt securities issued in the domestic capital markets. After the Notes are issued, the Issuer is obliged by the terms of the Notes, among others, to provide holders of the Notes with its audited financial statements and certain unaudited periodical financial statements. The quarterly and semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by any independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed information. The Issuer is not responsible to holders of the Notes for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

**The Issuer will follow the applicable corporate disclosure standards for issuers of debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries**

The Issuer will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

**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**

This Offering Circular contains facts and statistics relating to the economy of the PRC, the Logistics Hub Park and the industries in which the Group operates. While the Issuer has taken reasonable care to select reliable information sources and ensure that the facts and statistics relating to the PRC, the Logistics Hub Park 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 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.

#### **Public information on the Group may be limited**

The Issuer is a state-owned enterprise incorporated in the PRC and is not listed on any stock exchange. There may be less publicly available information about the Group than is regularly made available by public companies in the PRC and certain other jurisdictions.

### **RISKS RELATING TO THE NOTES**

#### **The PRC government has no obligations under the Notes**

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes. Accordingly, Noteholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer. This position has been reinforced by Circular 23 promulgated on 28 March 2018 and took effect on the same day and Circular 706 promulgated on 11 May 2018 and took effect on the same day. Both Circular 23 and Circular 706 are relatively new, and given the limited volume of published decisions relating to these laws and regulations, the interpretation and implementation of these laws and regulations involve uncertainties.

The Issuer is a state-owned company under the direct supervision of the Shapingba SASAC. The PRC government as the ultimate beneficial majority-owner of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government or any other PRC governmental entity has no obligation to repay any amount under the Notes or the Trust Deed (as defined in the Terms and Conditions and as supplemented by the Supplemental Trust Deed, hereinafter the “**Trust Deed**”) and will not provide guarantee of any kind for the Notes. This position has been reinforced by Circular 23 and Circular 706. Investors should base their investment decision on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Notes based on the Group’s own financial information reflected in its financial statements.

Investments in the Notes are relying solely on the credit risk of the Issuer. The Notes are solely to be repaid by the Issuer and the obligations under the Notes or the Trust Deed shall solely be fulfilled by the Issuer, as the case may be, as an independent legal person. The Noteholders shall have no recourse to the PRC government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Notes or the Trust Deed. In the event the Issuer does not fulfil its obligations under the Notes, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person, including the PRC government, the Shapingba SASAC, or any other local or municipal government.

Government data included in this Offering Circular is solely for the purpose to show the level of economic development in Chongqing where substantially all of the Group's business operations and investments are located. Such data should not be construed as representing that the Noteholders have any recourse to the PRC government for payment under the Notes.

Therefore, investors should base their investment decision only on the financial condition of the Group and any perceived credit risk associated with an investment in the Notes based only on the Group's own financial information reflected in its financial statements.

**Any failure to complete the relevant registration under the Foreign Debt Registration Measures within the prescribed time frame following the completion of the issue of the New Notes may have adverse consequences for the Issuer and/or the investors of the New Notes**

In accordance with the Foreign Debt Registration Measures and (if applicable) the PBOC Circular, the Issuer shall complete the Foreign Debt Registration in respect of the issue of the New Notes with the local branch of SAFE in accordance with PRC laws and regulations. According to the SAFE Foreign Exchange Business Guidelines on Capital Account (2020) (資本項目外匯業務指引(2020)), the Issuer is required to submit the relevant documents for registration of the New Notes after the execution of the Supplemental Trust Deed, and complete such registration in accordance with the Foreign Debt Registration Measures or (if applicable) the PBOC Circular. Before such registration of the New Notes is completed, it is uncertain whether the New Notes are enforceable as a matter of PRC law and it may be difficult for Noteholders 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 New Notes. 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 MOF, NDRC 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 will undertake to submit or cause to be submitted an application for registration of the New Notes with SAFE within the prescribed time frame in accordance with the Foreign Debt Registration Measures or (if applicable) the PBOC Circular, and use its best endeavours to complete the Foreign Debt Registration on or before the SAFE Registration Deadline. The Issuer has already consulted with the local branch of SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration. However, in the unlikely event that the Issuer is unable to complete such registration, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Notes at 100 per cent. of their principal amount together with accrued interest pursuant to the Terms and Conditions. If the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may not be able to remit the proceeds of the offering into the PRC or to remit funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may be materially and adversely affected. As at the date of this Offering Circular, the Issuer has completed the Foreign Debt Registration with respect to the Existing Notes.

**Any failure to complete the relevant filings with the NDRC Circular within the prescribed time frame following the completion of the issuance of the New Notes may have adverse consequences for the Issuer and/or investors of the New Notes**

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 over one year outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten 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 Certificate on 15 January 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular are 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 Notes and the Notes might be subject to enforcement as provided in Condition 13 (*Enforcement*) of the Terms and Conditions. Potential investors of the New Notes are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed with NDRC the requisite information and documents within the prescribed timeframe in accordance with the NDRC Circular and shall comply with all applicable PRC laws and regulations in connection with the Notes.

### **The Notes are unsecured obligations**

As the Notes are unsecured obligations of the Issuer, the repayment of the Notes may be compromised 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 Notes.

### **The Notes may not be a suitable investment for all investors**

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

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes 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 Notes;
- understand thoroughly the terms of the relevant instruments and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.



A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes 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 Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

#### **An active trading market for the Notes may not develop**

The Notes are a new issue of securities for which there is currently no trading market. Although the Existing Notes are listed on the SGX-ST and the Issuer will make an application for the approval in-principle for the listing and quotation of the New Notes on the SGX-ST, there can be no assurance that the Issuer will be able to maintain a listing of the Notes on the SGX-ST or that an active trading market for the Notes will develop or be sustained. No assurance can be given that such application will be approved, or even if the New Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Notes, 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 Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes 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 Notes may be subject to foreign exchange risks**

The Notes are 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 Notes, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes 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 Notes.

#### **The liquidity and price of the Notes following the offering may be volatile**

The price and trading volume of the Notes 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 Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

#### **International financial markets and world economic conditions may adversely affect the market price of the Notes**

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities 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 China. Since the sub-prime mortgage crisis in 2008, 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 Notes could be adversely affected.

In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union (“**Brexit**”). On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty of certain aspects of the negotiated trade procedures have already caused economic disruptions in the European Union and the United Kingdom. There is substantial uncertainty relating to the implementation of the United Kingdom's exit from the European Union or its impact on the economic conditions of other part of the world, such as China, 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. The outlook for the world economy and financial markets in 2021 and 2022 remains uncertain. Some countries have started to withdraw the stimulus packages previously executed during the financial crisis and implement more moderate monetary policies. The PRC withdrew its economic stimulus plan implemented during the financial crisis and returned to its general policy directions. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011.

At the same time, the trade dispute between the PRC and the United States and the increased tariff that the United States plans to impose on Chinese imports may have an adverse effect on the global and the PRC economies resulting in continuing uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Starting in March 2018, the United States imposed tariffs on steel and aluminum imports from the PRC, and later on 6 July 2018, the United States imposed 25 per cent. tariffs on U.S.\$34 billion worth of Chinese goods as part of its tariffs policy. In return, the PRC responded with similarly sized tariffs on U.S. products. On 18 September 2018, the United States imposed 10 per cent. tariffs on approximately U.S.\$200 billion worth of Chinese goods and announced plans to further increase the rate to 25 per cent. in January 2019. In return, the PRC responded with tariffs on U.S.\$60 billion worth of U.S. goods. In May 2019, the United States proposed to impose 25 per cent. tariffs on an additional U.S.\$300 billion worth of Chinese goods. The PRC government lodged a complaint in the World Trade Organisation against the U.S. over the import tariffs in the same year. On 15 January 2020, the U.S. and PRC governments signed the U.S.-China Economic and Trade Agreement (the “**Phase I Agreement**”). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The trade war created substantial uncertainties and volatilities to global markets, and may severely damage the economy and market confidence of both countries. The lasting impacts any trade war may have on the PRC economy and the PRC trading industry remain uncertain. The reduced demand for exports produced in the PRC, reduced levels of foreign and domestic investment in the PRC and decreased consumer confidence may result in a slowdown in growth in the markets of the PRC. 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 can be 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.

#### **Changes in interest rates may have an adverse effect on the price of the Notes**

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

#### **The Issuer may be unable to redeem the Notes upon the due date of redemption**

On certain dates, including but not limited to the occurrence of a Relevant Event and at maturity of the Notes, the Issuer may, and at maturity will, be required to redeem all of the Notes. 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 Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default (as defined in the Terms and Conditions) under the Notes, which may also constitute a default under the terms of other indebtedness of the Issuer or its subsidiaries.

#### **The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness**

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries, whether or not secured. The Notes will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes 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, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer may in the future acquire or establish.

The Notes are the Issuer's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (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. 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 Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

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

**The Issuer's subsidiaries, jointly controlled entities and associated companies may be subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer, its jointly controlled entities and associated companies**

As a holding company, the Issuer will depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations under the Notes. The ability of the Issuer's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Issuer's subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to the Issuer by these companies are limited by the percentage of the Issuer's equity ownership in these companies. In particular, the Issuer does not maintain complete control over its jointly controlled entities or associated companies in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Issuer to make payments under the Notes. These factors could reduce the payments that the Issuer receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Notes.

**If the Issuer or its subsidiaries is unable to comply with the restrictions and covenants in its debt agreements (if any) or the Notes, there could be a default under the terms of these agreements or the Notes, 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 Notes, 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 or the relevant subsidiary, 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 or such subsidiary under one debt agreement may cause the acceleration of repayment of debt, including the Notes, or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that the assets and cash flows of the Issuer or of such subsidiary would be sufficient to repay in full all of its indebtedness, or that it would be able to find alternative financing. Even if the Issuer or such subsidiary could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or such subsidiary.

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

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

**Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes 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 are 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 Choice of Court 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 Choice of Court Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute 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 Notes 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.

**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 Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes**

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

The Terms and Conditions also provide that the Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to any modification of the Terms and Conditions, the Trust Deed and the Agency Agreement (as defined in the Terms and Conditions and as supplemented by the Supplemental Agency Agreement, hereinafter the “**Agency Agreement**”) (other than in respect of a Reserved Matter (as defined in the Terms and Conditions)) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may (but shall not be obliged to), without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

**The Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction**

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a



lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

**The Notes will initially be represented by a new Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the relevant Clearing System**

The Notes (including the Existing Notes and the New Notes) will initially be represented by a new Global Note Certificate. Such Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by a Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

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

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

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) which took effect on 1 January 2008 and its implementation rules, any gains realised on the transfer of the Notes 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 “nonresident 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 Notes 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 Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes 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 “**Arrangement**”) which was promulgated on 21 August 2006, Noteholders 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 Notes.

On 23 March 2016, MOF and the State Administration of Taxation (“**SAT**”) issued the Circular of Full Implementation of Business Tax to Value Added Tax Reform (Caishui [2016] No. 36)(關於全面推開營業稅改徵增值稅試點的通知)(“**Circular 36**”), which introduced a new value added tax (“**VAT**”) from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT



is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and implementation of such laws and regulations involve uncertainties. If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

#### **The Notes are redeemable in the event of certain withholding taxes being applicable**

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Existing Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or authority any therein or thereof having power to tax. Although pursuant to the Terms and Conditions the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax, VAT or otherwise), subject to certain exceptions set out in the Terms and Conditions, the Issuer also has the right to redeem the Notes at any time in the event (i) it has or will become obliged to pay Additional 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 August 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

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

#### **Noteholders are exposed to risks relating to Singapore taxation**

The New Notes are intended to be issued as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "ITA"), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore*". However, there can be no assurance that the New Notes will be or continue to be "qualifying debt securities" or that the tax concessions in connection therewith will apply throughout the tenure of the New Notes should the relevant tax laws be amended or revoked at any time.

#### **There are uncertainties with respect to the implementation of the NDRC Circular, and the failure to comply with the requirements of NDRC in respect of the issue of the Notes could have adverse consequences for the Issuer, the Notes and the investors in the Notes**

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 issues outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten working days after the completion of the issue of the securities. The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement. Although the Issuer obtained the pre-issuance registration certificate in respect of the offering of the Notes from NDRC on 15 January 2021, if NDRC finds the Issuer to be guilty of maliciously obtaining quota of foreign debts or providing false information, NDRC may blacklist or publish on the national credit information platform a bad credit record against the Issuer, or even punish the Issuer with other related authorities. In the worst case

scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to enforcement as provided in Condition 8 (*Events of Default*) of the Terms and Conditions.

Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. The Issuer has undertaken to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe in accordance with the NDRC Circular. As at the date of this Offering Circular, the Issuer has completed the NDRC Post-issue Filing with respect to the Existing Notes.

**The Issuer may issue additional Notes in the future**

Further to the issue of the New Notes, the Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest, the timing for filing with the NDRC and the timing to perform and complete the Foreign Debt Registration) so as to consolidate and form a single series with the Notes (see “*Terms and Conditions of the Notes*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuances or capital raising activities will not adversely affect the market price of the Notes.

**Ratings of the Notes may be lowered, suspended or withdrawn and changes in such credit ratings may adversely affect value of the Notes**

As with the Existing Notes, the New Notes are expected to be assigned a rating of “BBB-” by Fitch. One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The rating represents only the opinions of the rating agencies and their assessment of the ability of the Issuer to perform its obligations under the Notes and the credit risks in determining the likelihood that full and timely payment of interest and the timely repayment of principal will be made on or before the maturity date in accordance with the Terms and Conditions. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. Any decline in the financial position of the Issuer or any of its subsidiaries may impair the ability of the Issuer to make payments to the Noteholders under the Notes and/or result in the rating of the Notes being revised, qualified, suspended, reduced or withdrawn entirely. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be revised, qualified, suspended, reduced or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. The Issuer has no obligation to inform holders of the Notes of any such revision, qualification, suspension, reduction or withdrawal and no person or entity will be obliged to provide any additional credit enhancement with respect to the Notes if the rating initially assigned to the Notes is subsequently revised, qualified, suspended, reduced or withdrawn for any reason. A revision, qualification, suspension, reduction or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

**Any downgrading of the Issuer’s corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group’s business and liquidity**

Any adverse revision to the Issuer’s corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Moody’s Investors Service, Inc., Fitch and S&P Global Ratings, a division of S&P Global, Inc., may adversely affect the Group’s business and financial performance as well as the trading price of the Notes. Further, the Group’s ability to obtain financing or to gain access to capital markets may also be limited, thereby lowering its liquidity.

## 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 per cent. 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 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. 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 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing 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. 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>			
	End	Average <sup>(2)</sup>	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2014 .....	6.2046	6.1704	6.2591	6.0402
2015 .....	6.4778	6.2869	6.4896	6.1870
2016 .....	6.9430	6.6400	6.9580	6.4480
2017 .....	6.5063	6.7350	6.9575	6.4773
2018 .....	6.8755	6.8837	6.9077	6.8343
2019 .....	6.9618	6.9014	7.1786	6.6822
2020 .....	6.5250	6.8878	7.1681	6.5250
2021				
January .....	6.4282	6.4672	6.4822	6.4282
February .....	6.4730	6.4601	6.4869	6.4344
March .....	6.5412	6.5028	6.5452	6.4648
April .....	6.4749	6.5186	6.5649	6.4710
May .....	6.3674	6.4321	6.4749	6.3674
June .....	6.4545	6.4250	6.4811	6.3796
July .....	6.4609	6.4763	6.5104	6.4562
August (through to 20 August 2021) .....	6.5012	6.4789	6.5012	6.4608

Notes:

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

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions (these “Conditions”) which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates issued in respect of the Notes:*

The U.S.\$160,000,000 5.30 per cent. Notes due 2024 (the “Notes”, which expression, unless the context requires otherwise, includes any further notes issued pursuant to Condition 14 (*Further Issues*) and to be consolidated and forming a single series therewith) of Chongqing International Logistics Hub Park Construction Co., Ltd. (重慶國際物流樞紐園區建設有限責任公司) (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 20 August 2021 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated on or about 20 August 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), and as transfer agent (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agent and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee following prior written request and satisfactory proof of holding and identity, being at the date hereof 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent.

Unless otherwise defined, capitalised terms used in these terms and conditions (these “**Conditions**”) have the meanings specified in the Trust Deed.

### 1. Form, Denomination and Status

- (a) *Form and denomination:* The Notes are in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Notes:* The Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the “**Global Note Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein. These Conditions are modified by certain provisions contained in the Global Note Certificate while any of the Notes are represented by the Global Note Certificate.*

## **2. Register, Title and Transfers**

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title:* The Holder of each Note shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. Except as provided in the Trust Deed, no person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers:* Subject to Conditions 2(f) (*Closed periods*) and 2(g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until registered on the Register.

*Transfers of interests in the Notes evidenced by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.*

- (d) *Registration and delivery of Note Certificates:* Within seven business days of the surrender of a Note Certificate and provision of such evidence as the Registrar or the relevant Transfer Agent may require in accordance with Condition 2(c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail to the address specified for the purpose by such relevant Holder. In this Condition 2(d) (*Registration and delivery of Note Certificates*), “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial



banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

*Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of individual Note Certificates.*

- (e) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against (i) payment by the relevant Noteholder of such indemnity, security and/or pre-funding as the Registrar or (as the case may be) such 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 transfer; (ii) the Registrar or the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the Transfer Agent being satisfied that the regulations concerning transfer of Notes have been complied with.
- (f) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on and including the due date for any payment of principal or interest in respect of the Notes.
- (g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes, 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 Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding and identity.

### 3. Covenants

- (a) *Negative Pledge:* So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness outside the PRC or Guarantee of Relevant Indebtedness outside the PRC without at the same time or prior thereto (a) securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.
- (b) *Notification to NDRC:* The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe 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 which came into effect on 14 September 2015 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”). The Issuer shall complete the NDRC Post-issue Filing and provide such document(s) evidencing due filing with the NDRC within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Notes.

The Issuer shall within 10 PRC Business Days after submission of such NDRC Post-issue Filing (i) provide the Trustee with a certificate in English signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-issue Filing (together with the



document(s), if any, evidencing due filing with the NDRC) and (ii) provide to the Trustee for dissemination to the Noteholders in accordance with Condition 15 (*Notices*) a notice confirming the submission of the NDRC Post-issue Filing.

The Trustee shall have no duty or obligation to monitor or ensure the completion of (or otherwise assist with) the NDRC Post-issue Filing within the prescribed timeframe or to verify the accuracy, validity or genuineness of any certificates, confirmations or other documents in relation to or in connection with the NDRC Post-issue Filing and shall not be liable to Noteholders or any other person for not doing so.

- (c) *Financial Statements etc.*: So long as any Note remains outstanding, the Issuer shall provide (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Audited Financial Reports; (ii) a copy of the relevant Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute); and (iii) a copy of the Unaudited Financial Reports within 60 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports provided that, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer shall furnish to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer are filed with the exchange on which the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in this Condition 3(c) (*Financial Statements, etc.*); and if such reports referred to in this Condition 3(c) shall be in the Chinese language, together with an English language translation of the same translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate signed by a director or authorised signatory of the Issuer certifying that such translation is complete and accurate.

The Trustee shall not be required to review the relevant Audited Financial Reports, Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 3(c) (*Financial Statements, etc.*) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Noteholder or any other person for not doing so.

- (d) *Rating Maintenance*: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Holders, the Issuer shall maintain a rating on the Notes by at least one of the Rating Agencies and notify the Trustee of any change in such rating.
- (e) *Registration with SAFE*: The Issuer undertakes to submit or cause to be submitted an application for registration of the Notes with SAFE within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) if applicable, the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《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》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the “**Foreign Debt Registration**”).

The Issuer shall use its best endeavours to complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within 10 PRC Business Days after receipt of the relevant documents evidencing completion of the Foreign Debt Registration from SAFE, (i) provide the Trustee with a certificate in English signed by an authorised signatory of the Issuer confirming the completion of the Foreign Debt Registration (together with the document(s), if any, evidencing due filing with the SAFE) ((i) and (ii) collectively, the “**Registration Documents**”) and (ii) provide to the Trustee for dissemination to the Noteholders in accordance with Condition 15 (*Notices*) a notice confirming the completion of the Foreign Debt Registration.

The Trustee shall have no obligation or duty to monitor or ensure, or otherwise assist with the completion of the Foreign Debt Registration on or before the SAFE Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Foreign Debt Registration, and shall not be liable to Noteholders or any other person for not doing so.

In these Conditions:

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

“**Compliance Certificate**” means a certificate in English of the Issuer substantially in the form set out in the Trust Deed signed by an authorised signatory of the Issuer certifying that, having made all due and 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 8 (*Events of Default*)), Potential Event of Default or Relevant Event 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 Notes, the Trust Deed and the Agency Agreement or, if non-compliance had occurred, giving details of such non-compliance;

“**Guarantee**” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

- (a) any obligation to purchase such indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such indebtedness; and
- (d) any other agreement to be responsible for such indebtedness;

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

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

“**PBOC**” means the People’s Bank of China;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Potential Event of Default**” means an 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 8 (*Events of Default*), become an Event of Default;

“**PRC**” means the People’s Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

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

“**PRC GAAP**” means the Accounting Standards for Business Enterprises in the PRC and other specific standards issued by the Ministry of Finance of the PRC, and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

“**Rating Agencies**” means (a) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (“**Moody’s**”); (b) Fitch Ratings Ltd. and its successors (“**Fitch**”); or (c) S&P Global Ratings, a division of S&P Global Inc. (“**S&P**”) and (d) if one or more of Moody’s, S&P or Fitch shall not make a rating of the Notes publicly available, any internationally recognised securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Moody’s, S&P or Fitch or any combination thereof, as the case may be;

“**Relevant Indebtedness**” means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Relevant Period**” means (a) in relation to each of the Audited Financial Reports and the annual Compliance Certificate, each period of twelve months ending on the last day of the financial year (being 31 December of that financial year); and (b) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the first half financial year (being 30 June of that financial year);

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

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

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person; and

“**Unaudited Financial Reports**” means the semi-annual interim unaudited and unreviewed consolidated balance sheet, income statement, cash flow statement and statement of changes in shareholders’ equity of the Issuer and its Subsidiaries together with any statements, reports and notes attached to or intended to be read with any of them, if any.

#### 4. **Interest**

The Notes bear interest from 20 August 2021 (the “**Issue Date**”) at the rate of 5.30 per cent. per annum, (the “**Rate of Interest**”) payable semi-annually in arrear in equal instalments on 20 February and 20 August in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will 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 Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.\$26.50 in respect of each Note of U.S.\$1,000 denomination (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any other period shall 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).

If interest is required to be calculated for a period of a less than 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**”.

#### 5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 20 August 2024, subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes 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 in accordance with Condition 15 (*Notices*) to the Noteholders and in writing to the Trustee and

the Principal Paying Agent (which notice shall be irrevocable) at their principal amount, together with interest accrued (but not including) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) the Issuer has or will become obliged to pay Additional Amounts as provided for or referred to in Condition 7 (*Taxation*) 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 August 2021; 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 Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate in English signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled (but not obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above without further investigation or enquiry and without liability to any Noteholder, in which event they shall be conclusive and binding on the Noteholders and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 5(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b) (*Redemption for tax reasons*).

- (c) *Redemption for Relevant Event*: At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date (as defined below) at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date. To exercise such right, the Noteholder must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes 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 Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than (in the case of a redemption for a Change of Control) 14 days following the first day on which it becomes aware of the occurrence of a Change of Control or (in the case of a redemption for a Non-Registration Event) 5 days following the first day on which it becomes aware of the occurrence of a Non-Registration Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Relevant Event*).

In this Condition 5(c) (*Redemption for Relevant Event*):

a “**Change of Control**” occurs when the Controlling Person, in aggregate, (i) ceases to own directly or indirectly 100 per cent. of the voting rights of the issued share capital of the Issuer or (ii) ceases to have the right to appoint and/or remove all of the members of the Issuer’s board of directors or other governing body (except for one member which, under the constitutive documents of the Issuer, shall be appointed by the employees of the Issuer), whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contracts or otherwise;

“**Controlling Person**” means the State-owned Assets Supervision and Administrative Commission of the Chongqing Municipal People’s Government or any other person wholly controlled by the government of the PRC;

a “**Non-Registration Event**” occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

“**Registration Condition**” means the receipt of the Registration Documents referred to in Condition 3(e) (*Registration with SAFE*) by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer within 10 PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration;

“**Relevant Event**” means a Change of Control or a Non-Registration Event.

- (d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 5(a) (*Scheduled redemption*) to 5(c) (*Redemption for Relevant Event*) above.
- (e) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any of their Subsidiaries, shall not entitle the Holder to vote any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 12(a) and 13.
- (f) *Cancellation*: All Note Certificates representing the Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall surrendered for cancellation to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Note Certificates so surrendered for cancellation may not be reissued or resold.



- (g) *No duty to monitor:* The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default (as defined in the Trust Deed) or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.
- (h) *Calculations:* Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Noteholders or any other person for not doing so.

## 6. Payments

- (a) *Principal:* Payments of principal and premium (if any) shall be made by wire transfer to a U.S. dollar account maintained by the payee with a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by wire transfer to a U.S. dollar account maintained by the payee with a bank and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) 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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 6(d) (*Payments on business days*), “**business day**” means any day (other than a Saturday, Sunday or public holiday) on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

- (f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Notwithstanding the foregoing, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

## 7. **Taxation**

All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer 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 or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate which is applicable on 13 August 2021 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received 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 "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the PRC other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means the later of (x) the date on which the payment in question first becomes due and (y) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, premium (if any) or interest shall be deemed to include any additional amounts in respect of principal, premium (if any) or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding, assessment or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, assessments, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest of other amount under or in relation to the Notes without deduction or withholding for or on account of any such tax, duty, assessments, charges, withholding, assessment or other payment imposed by or in any jurisdiction.

## 8. **Events of Default**

If any of the following events occurs (each, an “**Event of Default**”), then the Trustee at its discretion may and, if so requested in writing by Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days after the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than those obligations the breach of which would give rise to a right of redemption pursuant to Condition 5(c) (*Redemption for Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-acceleration*:
  - (i) any indebtedness for moneys borrowed or raised of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such indebtedness for moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such indebtedness for moneys borrowed or raised; or
  - (iii) the Issuer or any of its Subsidiaries fails to pay when due or (as the case may be) within any applicable grace period any amount payable by it under any Guarantee of any indebtedness for moneys borrowed or raised;

*provided that* the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, whether individually or in the aggregate, exceeds U.S.\$20,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of U.S.\$20,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries and such action is not discharged or stayed within 45 days; or
- (f) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay all or a substantial part of its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of all or any substantial part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or any substantial part of its indebtedness or any Guarantee of such indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Principal Subsidiary only, (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms approved by an Extraordinary Resolution of the Noteholders or (y) whereby all or any substantial part of the business, undertaking or assets of such Principal Subsidiary are transferred or otherwise vested in the Issuer or any of its other Subsidiaries or (z) a voluntary solvent winding-up of such Principal Subsidiary); or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, except for (i) the purpose of and followed by a winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation whilst solvent (A) on terms approved by an Extraordinary Resolution of the Noteholders or (B) in the case of a Principal Subsidiary only, where all or any substantial part of the business, undertaking or assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any of its other Subsidiaries or (ii) a voluntary solvent winding up of such Principal Subsidiary or a disposal of or by such Principal Subsidiary on an arm's length basis where all of the business, undertaking and assets (whether in cash or otherwise) resulting from such disposal are transferred to or otherwise vested in the Issuer or any of its other Subsidiaries; or
- (h) *Analogous event*: any event occurs which under the laws of the PRC has an analogous effect to any of the events referred to in Conditions 8(d) (*Unsatisfied judgment*) to 8(g) (*Winding up, etc.*) above; or
- (i) *Failure to take action, etc.*: any action, condition or thing 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 and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of Hong Kong and the PRC is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

- (k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues.

In these Conditions, “**Principal Subsidiary**” in respect of the Issuer means any Subsidiary:

- (a) whose operating revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating revenue as shown by its latest audited income statement is at least 5 per cent. of the consolidated operating 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 profits 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 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 5 per cent. of the amount which equals 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 as being represented by 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* 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 cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

*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, the revenue, net profit or gross 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 the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its operating 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, as prepared for this purpose by or on behalf of the Issuer.

None of the Trustee nor the Agents shall be responsible for monitoring or ascertaining whether or not an Event of Default or a Relevant Event has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

## **9. Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years (in the case of principal) or five years (in the case of interest) of the appropriate Relevant Date.

## **10. Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or (as the case may be) the relevant Transfer Agent may require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

## **11. Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction as well as relieved from responsibility in certain circumstances, including without limitation provisions relieving it from taking steps, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or provided with security and/or pre-funded to its satisfaction, and to be paid its fees, costs and expenses in priority to the claims of the Noteholders. The Trustee and its affiliates are entitled (i) to enter into business transactions with the Issuer and/or any related entity and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer and any entity (directly or indirectly) related to the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith. In the exercise of its functions, rights, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be



responsible for any consequence for individual Holders of Notes as a result of any circumstances particular to individual Holders of Notes, including but not limited to, such Holders being connected in any way with a particular territory or taxing jurisdiction.

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 Notes 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 Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

Each Noteholder 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 the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

So long as the Notes are listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note Certificate representing such series of Notes is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

## **12. Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes, and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided,*

however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to amend Condition 3 (*Covenants*), to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the Notes then outstanding who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. 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 Noteholders.

*So long as the Notes are represented by the Global Note Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Noteholders of not less than 90 per cent. in aggregate principal amount of the Notes for the time being outstanding.*

- (b) *Modification and waiver:* The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed and the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may (but shall not be obliged to), without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter provided that any delay or failure to provide such notice shall not affect the validity of any such authorisation, waiver or modification.

- (c) *Directions from Noteholders:* Notwithstanding anything to the contrary in these Conditions, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms of these Conditions, the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions or clarification of directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal

expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of directions, or in the event that no direction or clarification is given to the Trustee by the Noteholders.

- (d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders. The Trustee shall not be responsible or liable to the Issuer, the Noteholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, opinion or certificate or advice.

### 13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such actions or steps or institute such proceedings as it thinks fit to enforce its rights under the Trust Deed or the Agency Agreement in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

### 14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest, the timing for filing with the NDRC and the timing to perform and complete the Foreign Debt Registration) so as to consolidate and form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed, provided that such supplemental documents and further opinions are obtained as the Trustee may require as further set out in the Trust Deed.

### 15. **Notices**

Notices to the Noteholders will be sent to them by uninsured mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

*Until such time as any individual certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders 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 Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

#### 16. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

#### 17. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement are governed by English law.
- (b) *Jurisdiction:* The Issuer has in the Trust Deed and the Agency Agreement (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in Hong Kong to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

The Notes will be evidenced by a Global Note Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream.

Under the Global Note Certificate, the Issuer, for value received, will promise to pay such principal sum to the holder of the Notes as the same may become payable in accordance with the Terms and Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the Terms and Conditions, together with any additional amounts payable in accordance with the Terms and Conditions, all subject to and in accordance with the Terms and Conditions.

The Global Note Certificate will become exchangeable in whole (but not in part) for duly authenticated and completed individual note certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) of the Terms and Conditions occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

*Payments on business days:* In relation to payments made in respect of the Global Note Certificate, so long as the Global Note Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, the definition for “**business day**” in Condition 6(d) (*Payments on business days*) shall be amended and shall be any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City.

*Payment Record Date:* Each payment made in respect of the Global Note Certificate will be made to the person shown as the Holder 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 (the “**Record Date**”) where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

*Exercise Put Option:* In order to exercise the option contained in Condition 5(c) (*Redemption for Change of Control*) (the “**Put Option**”), the registered holder of the Global Note Certificate must, within the period specified in the Terms and Conditions for the deposit of the Global Note Certificate



and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

*Notices:* Notwithstanding Condition 15 (*Notices*), so long as any Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

The Global Note Certificate shall not be valid for any purpose until it has been authenticated for and on behalf of the Registrar.

## **USE OF PROCEEDS**

The Issuer estimates that the net proceeds from the offering of the New Notes, after deducting commissions and other estimated expenses payable (including roadshow expenses) in connection with the offering of the New Notes, will be U.S.\$154,100,000. The Issuer intends to use the net proceeds from the offering of the New Notes for refinancing medium and long-term offshore indebtedness maturing within one year.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Issuer as at 30 June 2021 on an actual basis and as adjusted to give effect to the issuance of the Existing Notes and the New Notes (in each case before deducting commissions and other estimated expenses payable). The summary consolidated financial information below should be read in conjunction with “Use of Proceeds”, “Summary Consolidated Financial Information” and the Reviewed Financial Statements, including the notes thereto and the review report in respect of the Reviewed Financial Statements included elsewhere in this Offering Circular.

	As at 30 June 2021			
	Actual		As Adjusted	
	(Unaudited but reviewed)	(Unaudited and unreviewed)	(Unaudited and unreviewed)	(Unaudited and unreviewed)
	(RMB in millions)	(U.S.\$ in millions)	(RMB in millions)	(U.S.\$ in millions)
<b>Short-term indebtedness</b>				
Short-term loans . . . . .	366.7	56.8	366.7	56.8
Corporation loan . . . . .	1,166.8	180.7	1,166.8	180.7
Non-current liabilities repayable within one year . . . .	9,303.2	1,440.9	9,303.2	1,440.9
<b>Total short-term indebtedness . . . . .</b>	<b>10,836.7</b>	<b>1,678.4</b>	<b>10,836.7</b>	<b>1,678.4</b>
<b>Long-term indebtedness</b>				
Long-term loans . . . . .	7,161.8	1,109.2	7,161.8	1,109.2
Bonds payable . . . . .	16,645.7	2,578.1	16,645.7	2,578.1
Existing Notes issued <sup>(2)</sup> . . . . .	—	—	1,033.1	160.0
New Notes to be issued <sup>(3)</sup> . . . . .	—	—	1,000.8	155.0
<b>Total long-term indebtedness . . . . .</b>	<b>23,807.5</b>	<b>3,687.3</b>	<b>25,841.4</b>	<b>4,002.3</b>
<b>Total indebtedness<sup>(4)</sup> . . . . .</b>	<b>34,644.2</b>	<b>5,365.7</b>	<b>36,678.1</b>	<b>5,680.7</b>
<b>Total shareholder's equity . . . . .</b>	<b>23,074.4</b>	<b>3,573.8</b>	<b>23,074.4</b>	<b>3,573.8</b>
<b>Total capitalisation<sup>(5)</sup> . . . . .</b>	<b>57,718.6</b>	<b>8,939.5</b>	<b>59,752.5</b>	<b>9,254.5</b>

### Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.4566 to U.S.\$1.00, based on the Noon Buying Rate on 30 June 2021.
- (2) Total amount of Existing Notes issued on 20 August 2021 before deducting commissions and other estimated expenses payable.
- (3) Total amount of New Notes to be issued before deducting commissions and other estimated expenses payable.
- (4) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.
- (5) Total capitalisation equals the sum of total indebtedness and total shareholder's equity.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 30 June 2021.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Issuer is a leading state-owned enterprise in Chongqing established by the Chongqing municipal government and is directly supervised and wholly-owned by the Shapingba SASAC. The Group focuses on the operation, development and management of the Logistics Hub Park and assumes important government functions, including expropriating land, formulating and implementing policies on industrial and urban development, subsidising key transportation facilities, fostering industrial development and planning and coordinating the construction of key international trade routes. The Group conducts both government-oriented and market-oriented businesses. In particular, the Group's government-oriented businesses primarily include land development, infrastructure construction, municipal road maintenance, resident enterprises' tax management and resettlement housing construction and the Group's market-oriented businesses primarily include property leasing, joint-venture operations, domestic and international trades, modern logistics, land development, capital investment and financial settlement. As at the date of this Offering Circular, the Group is the sole operator, developer and manager of the Logistics Hub Park and acts as one of the key construction and operation platforms in Shapingba district.

The Logistics Hub Park was established after the 40th Mayor's Administrative Conference of Chongqing held in September 2007 to highlight, reinforce and develop the significance of two of the key cargo stations located in Chongqing, namely, the Tuanjiecun Station and the Xinglongchang Station. Since its establishment, the Logistics Hub Park had played a key role in Chongqing's industrial transformation during the PRC's implementation of the 13th Five-Year Plan and has been serving as a demonstrative initiative for cross-region industrial integration in the PRC. In particular, the Logistics Hub Park is designated as a National-level Logistics Park and a Land-sea National Logistics Hub which serves to facilitate access to inland cities as well as act as a connecting point along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt. The Logistics Hub Park is located adjacent to the Xiyong Microelectronic Industrial Park and the Chongqing University City in Chongqing and is strategically situated at the starting point of the Chongqing Railway Port, the China Railway Express and the Western New Land-Sea Corridor. In addition, the Logistics Hub Park has continued to benefit from a wide range of opening-up and favourable policies implemented in Chongqing, which include various strategic cooperation initiatives between China and Singapore under the Strategic Connectivity Project and the Chongqing FTZ. As at the date of this Offering Circular, the Logistics Hub Park has been recognised as one of the first batch of National Demonstrative Logistics Parks in China.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's total operating revenue was approximately RMB2,314.3 million, RMB2,396.7 million, RMB2,290.8 million, RMB793.6 million and RMB831.9 million, respectively. For the same periods, the Group reported net profit of approximately RMB862.9 million, RMB910.1 million, RMB751.0 million, RMB604.1 million and RMB216.1 million, respectively. As at 30 June 2021, the Group had net assets of approximately RMB23,074.4 million and total assets of approximately RMB61,119.4 million.

The Group has three principal business segments, namely, development and management of the Logistics Hub Park, land development and property management:

- **development and management of the Logistics Hub Park:** The Group cooperates with local government authorities to operate, develop and manage the Logistics Hub Park. The Group's activities range from infrastructure construction to carrying out marketing and promotional activities. The Group seeks to encourage enterprises to establish projects in the Logistics Hub Park and would continue to provide follow-up management and operational services such as property leasing, planning guidance and consulting services to the resident enterprises in the Logistics Hub Park;

- **land development:** As a major land developer in Chongqing, the Group collaborates with local government authorities in Chongqing to acquire, reserve, develop and sell land use rights; and
- **property management:** The Group manages and leases certain investment properties in the Logistics Hub Park.

## HISTORY AND DEVELOPMENT OF THE GROUP

The following sets forth certain of the key business and corporate events in the Group's development history:

- in September 2007, the Logistics Hub Park was established after the 40th Mayor's Administrative Conference of Chongqing to highlight, reinforce and develop the significance of two of the key cargo stations located in Chongqing, namely, the Tuanjiecun Station and the Xinglongchang Station;
- on 22 November 2007, the Chongqing municipal government and the Shapingba district government approved the establishment of the Issuer (formerly known as Chongqing Western Modern Logistics Industry Zone Development Construction Co., Ltd. (重慶西部現代物流產業園區開發建設有限責任公司)) to operate, develop and manage the Logistics Hub Park;
- in December 2013, the National Port Office (國家鐵路辦) approved the provisional opening of the Chongqing Railway Port in the Logistics Hub Park;
- in July 2014, the Chongqing Railway Port was authorised by the State Council to serve as an automobile importing port (整車進口口岸);
- in October 2014, the General Administration of Customs ("GAOC"), MOF, SAT and SAFE approved the establishment of the Type B Chongqing Railway Bonded Logistics Centre (the "Type B Logistics Centre") in the Logistics Hub Park. Construction works for the Type B Logistics Centre began in February 2015 and upon the joint inspection by GAOC, MOF, SAT and SAFE on 18 November 2015, the Type B Logistics Centre was officially approved by the PRC government and became the first type B bonded logistics centre in Chongqing;
- in April 2015, establishment of the Chongqing Modern Logistics Industrial Development Fund, which is a logistics industrial fund jointly established by the Issuer, Ping An Bank, Chongqing Real Estate Group and Chongqing Industry Investment Fund Co., Ltd., was officially inaugurated at a signing ceremony held by the Chongqing Development and Reform Commission in Chongqing;
- in November 2015, the Issuer was selected by the Chongqing municipal government as one of the members of the aviation working committee, transportation and logistics working committee and information and communication technology working committee, respectively, of the Project Management Commission for the Strategic Connectivity Project;
- in December 2015, the Chongqing Railway Port was officially approved by the PRC government and became the first railway port in inland China that connects China to Europe via railway freight trains along the China Railway Express (Chongqing-Xinjiang-Europe)(中歐班列(渝新歐)) (the "Chongqing-Xinjiang-Europe Railway"), a rail freight corridor that connects China to Europe and Central Asia;
- in July 2016, the Logistics Hub Park was recognised as a National-level Logistics Park in China;

- in April 2017, the State Council approved the establishment of the Chongqing FTZ, the strategic blueprint of which had incorporated the Logistics Hub Park under a broader national strategic planning purview;
- in June 2017, over 1,000 businesses had established their offices in the Logistics Hub Park;
- in November 2018, the Chongqing Railway Port was designated by the State Council to serve as a biological product port and first-time pharmaceutical products importing port (生物製品口岸和首次藥品進口口岸) upon satisfying the requirements set down by the State Council. As such, Chongqing had, following Beijing, Shanghai and Guangzhou, become the fourth city to obtain a mandate for operating a biological and pharmaceutical products port;
- in January 2019, over 1,800 businesses had established their offices in the Logistics Hub Park and the total number of intermodal freight shipments to central Europe exceeded 3,000 since the Logistics Hub Park's establishment in 2007;
- in April 2019, the Issuer changed to its current name, Chongqing International Logistics Hub Park Construction Co., Ltd. (重慶國際物流樞紐園區建設有限責任公司) from its former name, Chongqing Western Modern Logistics Industry Zone Development Construction Co., Ltd. (重慶西部現代物流產業園區開發建設有限責任公司);
- in August 2019, NDRC issued the General Plan for the Western New Land-Sea Corridor (西部陸海新通道總體規劃), pursuant to which the PRC government has set down a plan to construct the Western New Land-Sea Corridor in Western China with the aim to connect its development initiatives along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt;
- in September 2019, the Issuer's sole shareholder changed from the Chongqing Shapingba State-owned Assets Administration Centre (重慶市沙坪壩國有資產管理中心) to the Shapingba SASAC;
- in February 2020, the Chongqing Western Logistics Park (重慶西部物流園) was established and became a share-participating entity of Chongqing Port Industry Financing and Big Data Industrial Development Co., Ltd. (重慶口岸產融大數據產業發展有限公司), a member of Xiaomi Corporation (小米集團); and
- in November 2020, the Logistics Hub Park was recognised as a Land-sea National Logistics Hub in Chongqing.

For further information about the Logistics Hub Park, see “– *Chongqing, Shapingba District and the Logistics Hub Park – The Logistics Hub Park*”. For further information about the Chongqing Railway Port and the Type B Logistics Centre, see “– *Competitive Strengths – Well-positioned to capitalise on the development of the logistics industry in Chongqing*”. For further information about the Strategic Connectivity Project and the Chongqing FTZ, see “– *Chongqing, Shapingba District and the Logistics Hub Park – Chongqing*”.



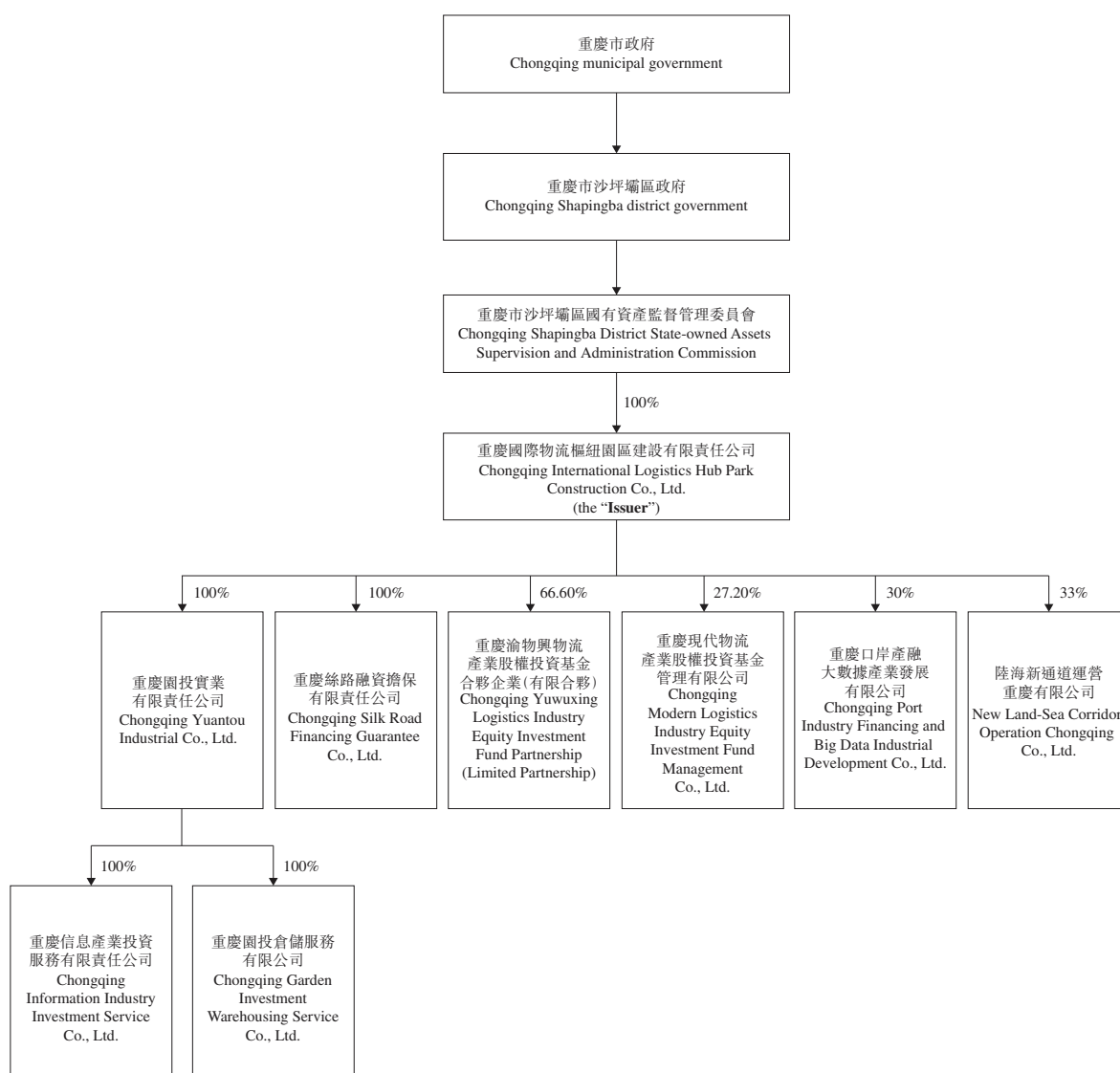
## KEY AWARDS

The following table sets forth the key awards and recognitions obtained by the Group in its development history:

<b>Year</b>	<b>Award/Recognition</b>	<b>Organiser</b>
<b>2013 . . . .</b>	National Outstanding Logistics Park (全國優秀物流園區)	China Logistics Association (中國物流協會)
<b>2014 . . . .</b>	Second Prize for Outstanding Urban and Rural Planning in Chongqing (重慶市優秀城鄉規劃設計二等獎)	Chongqing Planning Bureau (重慶市規劃局)
<b>2015 . . . .</b>	Selected as the Deputy Director Unit of the Logistics Park Professional Committee of China Federation of Logistics & Purchasing (the “ <b>Logistics Park Professional Committee</b> ”) (中國物流與採購聯合會物流園區專業委員會副主任單位)	The Logistics Park Professional Committee
<b>2015 . . . .</b>	Outstanding Logistics Park of 2015 (2015年度優秀物流園區)	The Logistics Park Professional Committee
<b>2015 . . . .</b>	Admitted as a Council Member of the State-owned Information Enterprise Joint Association (國有信息化企業聯合協會理事單位)	The Economic Think Tank of the BRIC Countries (金磚國家經濟智庫)
<b>2016 . . . .</b>	National-level Logistics Park (國家級物流園區) Model Logistics Park of 2016 (2016年度示範物流園區)	China Federation of Logistics & Purchasing (中國物流與採購聯合會)
<b>2018 . . . .</b>	Outstanding Logistics Park of 2018 (2018年度優秀物流園區)	The Logistics Park Professional Committee
<b>2020 . . . .</b>	Outstanding Logistics Park of 2020 (2020年度優秀物流園區) Land-sea National Logistics Hub (陸港型國家物流樞紐)	The Logistics Park Professional Committee NDRC
<b>2021 . . . .</b>	The Party Committee of the Issuer was recognised as a National Advanced Grassroots Party Organisation (全國先進基層黨組織)	CPC Central Committee

## CORPORATE STRUCTURE

The following chart sets forth a simplified corporate structure of the Group as at the date of this Offering Circular:



## CHONGQING, SHAPINGBA DISTRICT AND THE LOGISTICS HUB PARK

As the Group's investments and operations are highly concentrated in the Logistics Hub Park, which is located in Shapingba district of Chongqing, the Group's business, operations and prospects depend to a significant degree on the development and economic conditions in Chongqing, Shapingba district and the Logistics Hub Park.

The following is a brief description of Chongqing, Shapingba district and the Logistics Hub Park:

### Chongqing

As at the date of this Offering Circular, Chongqing is the only provincial-level municipality in Central-Western China. It is one of the five national centre cities (國家五大中心城市) in China and forms an integral part of the "dual-core" strategic development initiative under the Chengdu-Chongqing Economic Circle (成渝地區雙城經濟圈) framework. In particular, Chongqing serves as a key economic, financial, technological innovation, navigation and commercial logistics hub in upstream Yangtze River and is a strategic base for logistics and freight shipments, modern industrial, cultural and tourism development in China. As at the date of this Offering Circular, Chongqing has recorded one of the highest throughputs among other cities in Western China and is a leading industrial development base encompassing 39 out of the 41 national industrial categories (全國工業大類) in China. In particular, economic development in Chongqing is characterised by the vibrant development of a wide range of modern industries such as the electronic equipment, automobile manufacturing, big data, artificial intelligence, integrated circuit, smart cars and cultural and tourism industries.

### *Strategic importance in the national-level socioeconomic and political development blueprint*

As a key municipality in Central-Western China, Chongqing has from time to time been selected as the municipality where high-profile international and cross-border events and cooperation initiatives are based. For example:

- ***the ASEAN-China Foreign Ministers' Meeting:*** In June 2021, Chongqing was designated as the host of the Special ASEAN-China Foreign Ministers' Meeting in Celebration of the 30th Anniversary of Dialogue Relations (紀念中國-東盟建立對話關係30周年特別外長會)(the "ASEAN-China Foreign Ministers' Meeting"), which was attended by Wang Yi, the Foreign Minister of the PRC, and other national representatives from the ASEAN countries. Pursuant to the ASEAN-China Foreign Ministers' Meeting, China and the attending ASEAN countries have agreed to further their strategic cooperation under the ASEAN-China Strategic Partnership Vision 2030 (東盟-中國戰略夥伴關係2030年願景) and the Action Plan for ASEAN-China Strategic Partnership for Peace and Prosperity (2021-2025)(東盟-中國面向和平與繁榮的戰略夥伴關係的行動計劃(2021-2025)) frameworks. In particular, Chongqing was designated as the leading municipality which serves to connect the Western New Land-Sea Corridor development initiatives with the Lancang-Mekong cooperation framework (瀾滄江-湄公河合作機制) between China, Myanmar, Laos, Thailand, Cambodia and Vietnam;
- ***the International Cooperation Forum:*** In May 2021, Chongqing was designated as the host of the Western New Land-Sea Corridor International Cooperation Forum 2021 (2021陸海新通道國際合作論壇)(the "International Cooperation Forum"), which was attended by key officials from China and other ASEAN countries such as Indonesia, Vietnam and Laos. A number of outcomes were achieved at the meeting. In particular, 12 municipalities in Western China, Hainan Province, Zhanjiang and the attending ASEAN countries jointly announced the Proposal for International Cooperation (Chongqing) on the Western New Land-Sea Corridor (陸海新通道國際合作(重慶)倡議), which marked the establishment of an initial international cooperation framework for the Western New Land-Sea Corridor development initiatives;

- ***the Strategic Connectivity Project:*** In November 2015, Chongqing was selected as the location where the Strategic Connectivity Project would be based. As at the date of this Offering Circular, Chongqing has entered into approximately 260 contracts, the total contractual value of which amounting to approximately U.S.\$33.8 billion, with Singapore under the Strategic Connectivity Project framework. For further information about the Strategic Connectivity Project, see “– *Favourable economic policies*”; and
- ***the Third China-Singapore Financial Summit:*** In November 2020, Chongqing was designated as the host of the Third China-Singapore (Chongqing) Connectivity Initiative Financial Summit (第三屆中新金融峰會)(the “**Third China-Singapore Financial Summit**”), during which China had agreed to enhance connectivity between the Western regions and other ASEAN countries in terms of financial interactions, technological innovation, information communication as well as transportation and logistics with the aim to facilitate economic recovery in the ASEAN region.

### ***Strategic development directives***

The PRC central government has formulated a detailed plan for overall economic development in Chongqing based on the “two points”(兩點), “two regions and two highs”(兩地兩高), “three functions”(三個作用) and “four key competitive strengths”(四大優勢) models, each as further illustrated below:

- ***“two points”:*** Under the “two points” directive, the Great Western Development Strategy (西部大開發) is designated as the pivot point upon which strategic development in Chongqing is based and the “One Belt, One Road” initiative and the Yangtze River Economic Belt are designated as the two connecting points from which development outcomes in Chongqing could be radiated to the surrounding regions. For further information about the Great Western Development Strategy and the “One Belt, One Road” initiative, see “– *Favourable economic policies*”;
- ***“two regions and two highs”:*** Pursuant to the “two regions and two highs” objective, Chongqing is designated to become a demonstrative region for economic openness and ecological landscaping as well as a strategic base to promote high quality development and high quality of life in inland China;
- ***“three functions”:*** According to the “three functions” target, Chongqing is designated to promote high quality development and assume a key supporting role under the Great Western Development Strategy, facilitate the development of inland open highland and act as a critical driving force under the “One Belt, One Road” initiative as well as promote the development of a region for ecological landscaping and serve as a demonstrative region for ecological economic development along the Yangtze River Economic Belt; and
- ***“four key competitive strengths”:*** Leveraging the “four key competitive strengths” in Chongqing, namely, industrial strengths, geographical strengths, ecological strengths and systemic strengths, development in Chongqing is designated to further capitalise on Chongqing’s strong track record as a modern manufacturing base, strategic geographical location, abundant ecological resources and comprehensive social development system.

### ***Favourable economic policies***

Given the strategic and critical role of Chongqing in China, Chongqing has from time to time been placed at the core of intensive national-level economic planning policies, which includes:

- ***the Great Western Development Strategy:*** The Great Western Development Strategy has been an integral part of the national strategies for improving the income and living standards in Central-Western China as well as narrowing the gap between Eastern and Central-Western China. Since the implementation of the Great Western Development Strategy, Central-Western China has experienced rapid economic development and growth, urban and rural transformation as well as a

general increase in income and living standards in recent years. Since the implementation of the 13th Five-Year Plan, Central-Western China has developed at a faster pace than the Eastern regions and has become a key component to China's growth and development. Functioning as a key municipality under the Great Western Development Strategy, Chongqing has become an integral part of China's development strategy since 2009. Implementation of various economic stimulus packages and preferential policies has brought ample growth opportunities to Chongqing. In particular, pursuant to the Guiding Opinions of the CPC Central Committee and the State Council on Promoting the Formation of a New Pattern in the Large-scale Development of China's Western Regions (中共中央、國務院關於新時代推進西部大開發形成新格局的指導意見) issued in May 2020, Chongqing was designated as the key operational centre and connecting channel via which the selected 12 municipalities in Western China are connected to participate in the Framework Agreement on Cooperated Construction of the Western New Land-Sea Corridor (合作共建西部陸海新通道框架協議) and other opening-up initiatives to be implemented under the Great Western Development Strategy framework;

- ***the “One Belt, One Road” initiative:*** In 2013, China unveiled the “One Belt, One Road” initiative which aims to connect China with over 60 countries in Asia, Africa and Europe via the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The “One Belt, One Road” initiative primarily aims to promote trade and commerce between China and the countries along China's land and maritime trade routes. As countries along the “One Belt, One Road” initiative are mainly emerging market nations at their early stages of economic development, the “One Belt, One Road” initiative has offered ample investment opportunities to various PRC companies in the construction, manufacturing and energy industries. In conjunction with the PRC government's call for domestic enterprises to “step out of China”, various PRC companies are typically able to capitalise on the business opportunities from the “One Belt, One Road” initiative via leveraging Chongqing as a strategic stepping stone into the overseas markets. Since 2014, there has been an increase in trade and commerce along the Silk Road Economic Belt and the 21st Century Maritime Silk Road and an increasing number of PRC construction, manufacturing and energy companies have expanded overseas;
- ***the Chengdu-Chongqing Economic Circle:*** Combining the development and growth strategies in two of the key urban centres in Western China, namely, Chengdu and Chongqing, the strategic importance of the Chengdu-Chongqing Economic Circle has continued to grow under China's development blueprint. In particular, it was initially established as an economic zone (經濟區) in 2011 and was further recognised as an urban agglomeration (城市群) in 2016 and an economic circle (經濟圈) in 2020. As at the date of this Offering Circular, the Chongqing municipal committee has formulated a development blueprint for the Chengdu-Chongqing Economic Circle based on Chongqing's “three functions” and “four key competitive strengths” development framework and the Chongqing International Logistics Hub Park Management Committee (重慶國際物流樞紐園區管理委員會) and the Chengdu International Railway Port Management Committee (成都國際鐵路港管理委員會) have entered into the Agreement on the Strategic Cooperation Framework for the Chengdu-Chongqing Railway Port (成渝鐵港戰略合作框架協議) under the “dual-core” strategic development initiative of the Chengdu-Chongqing Economic Circle. Going forward, the PRC government has laid down a detailed development plan for the Chengdu-Chongqing Economic Circle based on the “two centres and two regions” (兩中心兩地) directive, which primarily aims to develop the Chengdu-Chongqing Economic Circle into a national economic and technological innovation centre as well as a demonstrative zone for modern economic development based on reform and opening-up and quality of life-driven principles;
- ***the Western New Land-Sea Corridor:*** Pursuant to the General Plan for the Western New Land-Sea Corridor issued by NDRC in 2019 and the Notice relating to Promulgating Chongqing's Implementation Plan for Facilitating the Construction of the Western New Land-Sea Corridor (關於印發重慶市推進西部陸海新通道建設實施方案的通知) issued by the Chongqing municipal government in 2020, the PRC government has set down a plan to construct the Western New

Land-Sea Corridor in Western China with the aim to connect its development initiatives along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt. Strategically designated as an integrated transportation hub with an international outlook, Chongqing will further connect to the Western New Land-Sea Corridor and is well-positioned to become an international inland logistics centre upon full-blown operation of the Western New Land-Sea Corridor. In addition, the General Plan for the Western New Land-Sea Corridor has designated Chongqing to act as a key platform for international trade cooperation and the Chongqing Western Logistics Park to serve as one of the seven national-level demonstration logistics parks along the Western New Land-Sea Corridor. Under the strategic planning for the Western New Land-Sea Corridor, it is targeted that a total of three ASEAN Industrial Cooperation Demonstration Zones (東盟國家產業合作示範區) could be established along the Western New Land-Sea Corridor and the total freight shipments from Chongqing to Haikou (海口) via the two transportation routes along the Gulf of Tonkin (北部灣) could reach approximately 300,000, the passing trains and overland transportation along major railways and highways could increase by approximately 15 per cent. and the key national and regional freight navigation routes along the Western New Land-Sea Corridor could reach approximately 30 by 2025;

- ***the Strategic Connectivity Project:*** In November 2015, Chongqing was designated as the location where the Strategic Connectivity Project would be based. The Strategic Connectivity Project primarily focuses on promoting China-Singapore cross-border connections in four key areas, namely, financial services, aviation, transportation and logistics as well as information and communication technology, and involves the development of various cross-border financial services, flight routes and logistics and transportation facilities by and between Singapore and Chongqing. The Strategic Connectivity Project has offered ample business opportunities to various industries including logistics transportation, trade and modern services. For example, Singapore-based NCS Pte. Ltd. has entered into cooperation agreements with the Chongqing-Xinjiang-Europe Railway to develop projects on information connectivity and Singapore-based Mapletree Logistics has agreed to establish its Cross-border Logistics Service Platform in Chongqing under the Strategic Connectivity Project framework. In particular, the Logistics Hub Park has been incorporated as an integral part of the Strategic Connectivity Project and the Issuer was selected by the Chongqing municipal government as one of the members of the aviation working committee, transportation and logistics working committee and information and communication technology working committee, respectively, of the Project Management Commission for the Strategic Connectivity Project. In addition, the Group is also actively exploring collaboration opportunities with PSA Singapore, Guangxi Beibu Gulf Group and Chengdu Communications Investment Co., Ltd. with the aim to establish a new company, namely, Guangxi New Channel International Container Terminal Co., Ltd. under the Strategic Connectivity Project framework; and
- ***the Chongqing FTZ:*** In April 2017, the State Council approved the establishment of the Chongqing FTZ with the aim to increase openness of the western gateway cities, establish an economic hub along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt as well as facilitate the implementation of the Great Western Development Strategy. In addition, the strategic blueprint of the Chongqing FTZ has incorporated the Logistics Hub Park under a broader national planning purview. As an integral part of the Chongqing FTZ, the Logistics Hub Park primarily focuses on the development of bonded logistics, international trade transfers, supply chain finance and other product services. As at the date of this Offering Circular, a total of approximately 151 pilot reform missions (改革試點任務) have been implemented in the Chongqing FTZ.

### **Shapingba district**

Situated at western Chongqing, Shapingba district has a total planned area of approximately 396 square kilometres and is located at the core urban centre of Chongqing as well as the geometric centre of the Chengdu-Chongqing Economic Circle. As at the date of this Offering Circular, Shapingba district has



developed into a key regional business, cultural and education centre in Chongqing and is primarily characterised by its technological openness, industrial capabilities and cultural and educational resources, each as further illustrated below:

- ***technological openness:*** Shapingba district is a key national opening-up platform where multiple free trade zones, railway ports and railway bonded zones are located. It serves as a key railway logistics hub in Chongqing and is the originating venue of the China Railway Express and the Western New Land-Sea Corridor. As at the date of this Offering Circular, the total import and export trades recorded in Shapingba district amounts to approximately RMB200 billion, representing over 40 per cent. of the total import and export trades recorded in Chongqing;
- ***industrial capabilities:*** Shapingba district is a key industrial development base which focuses on the development of 26 industries including the electronic information, automobile, flexible units and biomedical industries. As at the date of this Offering Circular, the total industrial output recorded in Shapingba district amounts to approximately RMB200 billion and Shapingba district occupies over 80 per cent. of the market share in the integrated circuit industry in Chongqing; and
- ***cultural and educational resources:*** Shapingba district is endowed with a unique cultural and historical identity which encompasses the Bayu Culture (巴渝文化), the Hongyan Culture (紅岩文化) and various historical heritages from the Second Sino-Japanese War. In addition, Shapingba district has a comprehensive ancillary infrastructure system comprising, among others, approximately 104 municipal-level or-above research platforms, approximately 99 primary and secondary schools, approximately seven level-three hospitals and over 500 public health institutions.

Going forward, and pursuant to the 14th Five-Year Plan for National Economic and Social Development in Chongqing and the Long-term Objectives Through the Year 2035 (Bill)(重慶市國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要(草案)) promulgated by the Chongqing municipal committee, Shapingba district is designated to act as a key communication channel, logistics port and reform and opening-up platform in Chongqing and is tasked to facilitate logistics, commercial and industrial development in the region with the aim to further developing Chongqing into an international inland logistics centre in China.

### **The Logistics Hub Park**

The Logistics Hub Park was established after the 40th Mayor's Administrative Conference of Chongqing held in September 2007 to highlight, reinforce and develop the significance of two of the key cargo stations located in Chongqing, namely, the Tuanjiecun Station and the Xinglongchang Station. The Logistics Hub Park has a total planned area of approximately 35.5 square kilometres, of which approximately 24.2 square kilometres are designated for urban construction. Construction works for the Logistics Hub Park began in December 2008 and upon completion of the construction phase, the Logistics Hub Park was officially recognised as a key logistics centre in Chongqing by the Chongqing municipal government in 2012.

Since its establishment, the Logistics Hub Park had played a key role in Chongqing's industrial transformation during the PRC's implementation of the 13th Five-Year Plan and has been serving as a demonstrative initiative for cross-region industrial integration in the PRC. In particular, the Logistics Hub Park is designated as a National-level Logistics Park and a Land-sea National Logistics Hub which serves to facilitate access to inland cities as well as act as a connecting point along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt. The Logistics Hub Park is located adjacent to the Xiyong Microelectronic Industrial Park and the Chongqing University City in Chongqing and is strategically situated at the starting point of the Chongqing Railway Port, the China Railway Express and the Western New Land-Sea Corridor. In addition, the Logistics Hub Park has continued to benefit from a wide range of opening-up and favourable policies implemented in Chongqing, which include various strategic cooperation initiatives between China and Singapore under

the Strategic Connectivity Project and the establishment of the Chongqing FTZ. As at the date of this Offering Circular, the Logistics Hub Park has been recognised as one of the first batch of National Demonstrative Logistics Parks in China.

Leveraging abundant resources from central Europe, the Western New Land-Sea Corridor and other regions, the Logistics Hub Park is designated to develop into a new city centre for the western part of Chongqing, focusing on elements of competitiveness, sustainability and innovation. The Group aims to achieve four primary development goals, collectively the “**Four Ones**”(四個一) via the development of the Logistics Hub Park:

- to build “**one base**”(一個基地) in the desert areas as headquarters to strategically develop high-end modern services covering executive, economic and cultural aspects;
- to form “**one standard**”(一個示範) in the western part of Chongqing, setting standards to enhance innovative economic development of emerging industries and advanced technologies;
- to construct “**one platform**”(一個平台) to facilitate international cooperation and exchange; and
- to establish “**one city**”(一個新城) in Western China to promote a balance of economic development, sustainable living and ecology.

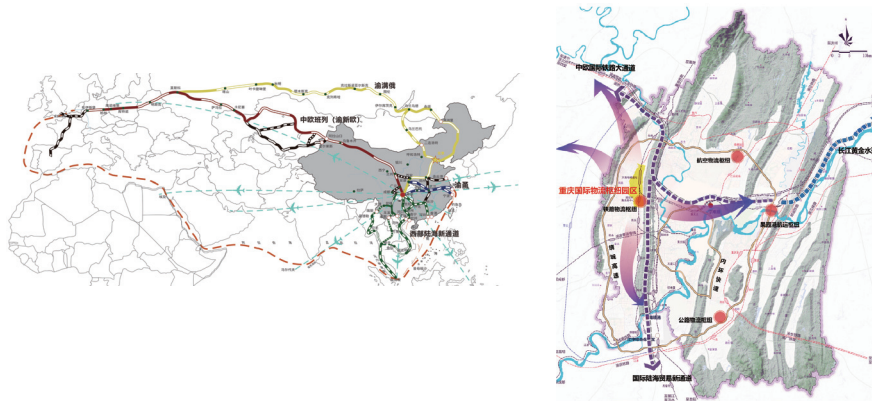
As at the date of this Offering Circular, a multi-dimensional logistics infrastructure system which comprises “four international channels”, “two railway facilities”, “two opening-up platforms” and “four development mediums” has been established in the Logistics Hub Park:

- “**four international channels**”: The “four international channels” in the Logistics Hub Park are, namely, the China Railway Express (Chongqing-Xinjiang-Europe) International Commerce Channel (中歐班列(渝新歐)國際貿易大通道)(the “**International Commerce Channel**”), the Western New Land-Sea Corridor, the Yu-Man-Russia International Railway Networking Channel (渝滿俄國際鐵路聯運大通道) and the Yu-Yong International Railway Networking Channel (渝甬國際鐵路聯運大通道);
- “**two railway facilities**”: The “two railway facilities” in the Logistics Hub Park are, namely, the Tuanjiecun Station and the Xinglongchang Station;
- “**two opening-up platforms**”: The “two opening-up platforms” in the Logistics Hub Park are, namely, the Chongqing FTZ and the Strategic Connectivity Project; and
- “**four development mediums**”: The “four development mediums” in the Logistics Hub Park are, namely, the Chongqing Railway Port, the Chongqing Automobile Importing Port (重慶整車進口口岸), the Chongqing Biological Product Port and First-time Pharmaceutical Products Importing Port (重慶生物製品口岸和首次藥品進口口岸) and the Type B Logistics Centre.

Going forward, the Group aims to develop the Logistics Hub Park into an international and domestic transportation hub which connects China to the other regions along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt via waterways, airways, railways and highways, a new platform for cooperation between Asia and Europe, a nationally recognised free trade zone and a social platform for quality-living, commercial activities and leisure.

#### ***Strategic zoning in the Logistics Hub Park***

The following maps illustrate the geographic locations of Chongqing and the Logistics Hub Park:



As at the date of this Offering Circular, the Logistics Hub Park comprises six zones, namely, the Railway Bonded Logistics Zone, the Multimodal Transportation Zone, the International Port Community Zone, the International Trade Business Zone, the Port Industry Development Zone and the Railway Operation Zone, each as further illustrated below:

- **Railway Bonded Logistics Zone – 2.7 square kilometres:** The key focus of this zone is to construct designated ports, bonded logistics centres and other related facilities.
- **Multimodal Transportation Zone – 2.5 square kilometres:** The key focus of this zone is to develop key logistics, multimodal transportation and professional warehousing services.
- **International Port Community Zone – 6.2 square kilometres:** The key focus of this zone is to construct ancillary urban facilities and provide various social services such as residential, educational and training, cultural, tourism and healthcare services to the local community in the Logistics Hub Park.
- **International Trade Business Zone – 7.0 square kilometres:** The key focus of this zone is to develop finance, commerce, headquarters base, business centres and other industries.
- **Port Industry Development Zone – 9.9 square kilometres:** The key focus of this zone is to develop strategic emerging industry services and other related ancillary facilities to support the development of the logistics and trade industries.
- **Railway Operation Zone – 7.2 square kilometres:** This is the zone where the Tuanjiecun Station and the Xinglongchang Station are located. The Tuanjiecun Station is a key international transportation hub and serves as one of the most important cargo centre stations connecting China to Europe and other Asian regions. It is strategically located at the starting point of the Chongqing-Xinjiang-Europe Railway and serves to connect the Yu-Sui (渝遂), Cheng-Yu (成渝) and Yu-Qian (渝黔) highways as well as other highways in the region. The Xinglongchang Station is one of the largest railway marshalling stations in Southwest China and is designated to handle logistics from the arrivals, departures and marshalling of all passing trains.

## COMPETITIVE STRENGTHS

### Well-positioned to benefit from the strategic importance of Chongqing and Shapingba district

#### *Strategic geographical location of Chongqing and Shapingba district*

Since its establishment, the Group has continued to benefit from the strategic importance of Chongqing and Shapingba district. In particular, Chongqing is located at the intersection of the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt and is a key component to China's foreign trade and national development strategies such as the Great Western Development

Strategy, the “One Belt, One Road” initiative, the Chengdu-Chongqing Economic Circle, the Western New Land-Sea Corridor, the Strategic Connectivity Project and the Chongqing FTZ. Shapingba district has also been developed into a key regional business, cultural and education centre in Chongqing and is primarily characterised by its technological openness, industrial capabilities and cultural and educational resources. For further information about the strategic importance of Chongqing and Shapingba district, see “– *Chongqing, Shapingba District and the Logistics Hub Park*”.

Chongqing has a well-connected infrastructure network and is the only transportation hub which offers waterway, airway, railway and highway transportation in Western China as at the date of this Offering Circular. In particular, Chongqing has completed the construction of a highway network consisting of “three loops and eight rays”(三環八射) and a railway network consisting of “one hub, six major lines and two branch lines”(一樞紐六幹線二支線), which contributed to achieving the strategic objective of “arriving at surrounding areas in four hours and accessing the sea in eight hours”(4小時周邊、8小時出海). As at 31 December 2020, the railway network in Chongqing had a total operational length of approximately 2,371 kilometres and was connected to six international transportation routes including the Chongqing-Xinjiang-Europe Railway, the Western New Land-Sea Corridor, the Yu-Shen Railway (渝深班列), the Yu-Yong Railway (渝甬班列), the Yu-Man-Russia Railway (渝滿俄班列), and the Chongqing-Kunming-Myanmar (Vietnam) International Railway Cargo Centre Station (渝昆緬(越)國際鐵路集裝箱) as well as five core national transportation routes including the Yu-Rong Railway (渝蓉鐵路), the Yu-Wan Railway (渝萬鐵路), the Yu-Qian Railway (渝黔鐵路), the Yu-Zhang-Chang Railway (渝張常鐵路) and the Yu-Xiang Railway (渝襄鐵路). As China’s logistics centre gradually moves from the coastal areas to the inland regions, Chongqing, as a municipality where a number of key railways intersect, is well-positioned to play a crucial role in China’s logistics industrial chain. In addition, Chongqing is a large market which is supported by well-developed manufacturing capabilities in various industries such as electronic information, automobiles, equipment manufacturing, chemistry, materials manufacturing, energy and consumer goods manufacturing and is supported by abundant human resources supplied by over 1,000 research institutions, 67 colleges and universities and over 890,000 researchers and technicians in the region. Moreover, Chongqing has been placed at the core of intensive national-level economic and municipal planning policies pursuant to the establishment of Chongqing Liangjiang New District (重慶兩江新區), which is the third sub-provincial development economic zone established in the PRC, the Chongqing FTZ, the China-Singapore Cooperation Zone, three national economic development zones, four national high-tech zones, one bonded harbour zone, three comprehensive bonded zones, three type B bonded logistics centres and one national comprehensive inspection and quarantine reform and pilot zone in Chongqing in recent years.

### ***Favourable economic policies***

As a leading state-owned enterprise in Chongqing, the Issuer has also benefited from the strategic importance of Chongqing and Shapingba district in China’s development and growth strategies. See “– *Chongqing, Shapingba District and the Logistics Hub Park*”.

Capitalising on the favourable location and strategic importance of Chongqing and Shapingba district, the Issuer believes that the Group is well-positioned to fulfil and further capitalise on its strategic role in Chongqing and Shapingba district and is in an advantageous position to capture further business opportunities, expand its business operations and consolidate its leading position as Chongqing and Shapingba district continue to grow and develop as key regional logistics hubs in China.

### **Strategically positioned to benefit from Chongqing’s status as a prominent inland transportation hub**

In addition to being a strategic component of China’s various development initiatives, Chongqing also serves as an important inland transportation hub that connects China via waterways, airways, railways and highways and plays a key role in facilitating China’s access to the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt. For example, Chongqing is one of the largest water transportation hubs in upstream Yangtze River and has played a key role in a series of

national and regional strategic transportation constructions in recent years. In particular, the railway network and waterways in Chongqing have served to connect Chongqing with the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt, thereby opening up China's trade accesses to the South and Southeast Asian markets. In terms of inland connectivity, Chongqing's strategic location and well-developed railway network have served to connect the municipality with other major cities such as Beijing, Tianjin, Wuhan, Changsha, Guangzhou, Shenzhen and Shanghai, thereby further facilitating inter-continental trade while reducing the operational costs for various domestic enterprises.

- ***The International Commerce Channel***

As an important railway in the China-Europe railway network, the International Commerce Channel covers a range of geographical areas and carries one of the highest cargo loads and shipping value among other China-Europe connecting railways in China. As at the date of this Offering Circular, the International Commerce Channel covers a total distance of approximately 10,500 kilometres from the Chongqing Railway Port to the Alashankou Port in Xinjiang (新疆阿拉山口口岸), Kazakhstan, Russia, Belarus, Poland and Duisburg in Germany. Leveraging the favourable policy of "one claim, one inspection and straight green light", cargos transported via the International Commerce Channel could typically arrive at their respective destinations within 13 days, as early as approximately 20 days earlier than cargos transported via regular shipping. As at 31 December 2020, a total of approximately 7,391 trains had departed from the International Commerce Channel.

- ***The Yu-Man-Russia Railway, the Yu-Yong Railway and Yu-Shen Railway***

Chongqing serves as a key component of the Yu-Man-Russia Railway, the Yu-Yong Railway and the Yu-Shen Railway. The Yu-Man-Russia Railway is a railway network which connects Chongqing, Manchuria, Russia and other international logistics channels such as the International Commerce Channel and the International Rail-and-sail Commerce New Channel. The Yu-Yong Railway and the Yu-Shen Railway primarily serve to connect Chongqing with the coastal ports in Ningbo-Zhoushan (寧波舟山) and Shenzhen, respectively, with the aim to enhance railway and waterway transportation and connectivity in the region. In particular, the Yu-Yong Railway serves as a key communication channel via which Chongqing and its surrounding regions are connected to the coastal port in Ningbo-Zhoushan and the maritime and railway transportation networks in the Middle East along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt. For the year ended 31 December 2020, a total of approximately 335 trains and 25,254 freight containers had departed via the Yu-Yong Railway, respectively, increasing by approximately 168 per cent. and 179 per cent., respectively, when compared to the year ended 31 December 2019. As at 31 December 2020, a total of approximately 603 trains and 44,470 freight containers had departed via the Yu-Yong Railway, respectively. Freight containers transported via the Yu-Yong Railway are typically designated for foreign trade purposes.

- ***The New International Land-Sea Trade Corridor***

On 12 November 2018, the PRC and Singapore governments entered into a Memorandum of Understanding to develop the New International Land-Sea Trade Corridor (the "**Land-Sea Corridor**") under the Strategic Connectivity Project framework. Establishment of the Land-Sea Corridor has reinforced Chongqing's status as a prominent inland transportation hub which connects China, Singapore and other ASEAN countries. For the year ended 31 December 2020, a total of approximately 1,297 trains and 64,888 freight containers had departed via the Land-Sea Corridor, respectively, increasing by approximately 41 per cent. and 41 per cent., respectively, when compared to the year ended 31 December 2019. As at 31 December 2020, a total of approximately 2,877 trains had departed via the Land-Sea Corridor.

- ***The Tuanjiecun Station and the Xinglongchang Station***

The Logistics Hub Park is home to two of the key cargo stations in Chongqing, namely, the Tuanjiecun Station and the Xinglongchang Station.



The Tuanjiecun Station commenced operation on 10 December 2009 as one of the 18 large hub-type cargo centre stations (大型樞紐型集裝箱中心站) established under the 11th Five-Year Plan of the railway industry in China. It is a railway cargo centre station which is strategically located at the starting point of the Chongqing-Xinjiang-Europe Railway and serves to connect the Yu-Sui, Cheng-Yu and Yu-Qian highways as well as other highways in the region. As at the date of this Offering Circular, the Tuanjiecun Station is one of the most advanced and well-equipped cargo centres in Southwest China in terms of logistics facilities, equipment and information devices. For the year ended 31 December 2020, the Tuanjiecun Station had processed a total of approximately 0.69 million freight containers and was one of the most important external trade and reform and opening-up platforms in Chongqing as well as a key freight logistics and transportation hubs in inland China and other Asian and European regions.

The Xinglongchang Station has approximately 5,200 mu of floor area and is one of the largest railway marshalling stations in Southwest China. The Xinglongchang Station is well-equipped with various logistics facilities and has an advanced integrated automated marshalling system which serves to handle shipment arrival, disintegration, marshalling and departure from a total of approximately 12 arrival lines, 15 departure lines, 39 marshalling lines and six locomotive lines. As at 31 December 2020, the Xinglongchang Station had handled a total of approximately 24.7 million passing trains since it commenced operation in August 2014.

Leveraging the Group's strong track record, extensive industry and execution experience and leading position in Chongqing, the Issuer believes that the Group is well-positioned to fulfil and further capitalise on its strategic role in Chongqing and is in an advantageous position to capture further business opportunities arising from Chongqing's status as a prominent inland transportation hub.

**Strong support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC**

The Group receives strong support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC. Such support typically includes:

- ***industrial guidance:*** The Group was established pursuant to the approval from the Chongqing municipal government and the Shapingba district government and is designated to perform government functions such as the operation, development and management of the Logistics Hub Park, expropriating land, formulating and implementing policies on industrial and urban development, fostering industrial development and planning and coordinating the construction of key international trade routes. Directly supervised and wholly-owned by the Shapingba SASAC, the Group has from time to time received guidance on industrial planning, development and policies from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC. The Group maintains close working relationships with different levels of governmental authorities, including authorities at the district level such as the Shapingba SASAC and the Chongqing Shapingba district Finance Bureau, to authorities at the municipal and state level, such as the Chongqing Finance Bureau and NDRC, respectively;
- ***favourable industrial policies and operational support:*** The Group has benefited from government policies which put emphasis on infrastructure construction. Such policies have facilitated the construction of transportation networks for distribution logistics and the promotion of trade and investment, which are highly favourable to the business and operations of the Group. The Group has also received operational support from government authorities in various respects such as land planning and funding;
- ***capital injections and financial support (but not including credit support):*** The Issuer was established in 2007 with an initial registered capital of RMB30.0 million. In 2008, 2013 and 2015, the Shapingba SASAC injected additional capital of RMB500.0 million, RMB1,500.0 million and RMB1,000.0 million, respectively, into the Issuer. As at the date of this Offering Circular, the



Shapingba SASAC has injected a total of approximately RMB3.0 billion into the Issuer. In addition to capital injections, the PRC government has also provided financial support (but not including credit support) to the Group via allocating various special funds (專項資金) to the Group as well as establishing a number of special payable funds in collaboration with the Group. For the year ended 31 December 2020, the Group had received a total of approximately RMB38.5 million and RMB116.6 million of special funds from the PRC central government and the municipal-level government authorities, respectively. With respect to the special payable funds established by the PRC government and the Group, the PRC government would typically utilise such special payable funds for apportioning a part of its governmental tax and land sale revenue into the Group's special payable accounts in the form of cash;

- **land sale revenue and management fee revenue:** Both of the Chongqing municipal government and the Shapingba district government have agreed to transfer net proceeds from sale of land parcels in the Logistics Hub Park to the Group upon deducting the miscellaneous expenses incurred during the sale process. For further information about the land transfer payments received by the Group, see “– Businesses – Land Development – Land development and sale processes”. In addition, the Group would typically receive management fees from the Shapingba district government with respect to the construction projects which it has undertaken pursuant to the Shapingba district government's directions. From 2008 to 2014, management fees received by the Group was typically calculated at four per cent. or eight per cent. of the total annual expenditure associated with the relevant categories of expenditure incurred during the year. Since 2015, the Shapingba district government has increased the relevant ratio to 18 per cent., thereby significantly increasing the Group's operating revenue from the management fee revenue of the Logistics Hub Park. See “– Businesses – Development and management of the Logistics Hub Park – Management fees”;
- **concessions:** The Group is mandated to develop land parcels in the Logistics Hub Park by the Chongqing municipal government. In 2019, the Group was also mandated by the Chongqing municipal government to construct and sell resettlement housing for the purpose of resettling the indigenous community on land parcels expropriated for the development of the Logistics Hub Park. See “– Businesses – Land Development” and “– Businesses – Others – Sales of land tickets”; and
- **government grants:** The Chongqing municipal government and the Shapingba district government would typically provide the Group with various kinds of government grants such as tax refunds, tax-based incentives and government subsidies with the aim to support the Group's government functions.

With continued strong support (but not including credit support) from the Chongqing municipal government and the Shapingba district government, the Issuer believes that the Group will be able to continue to operate and invest in capital-intensive and large-scale construction projects, expand its business operations and consolidate its leading position as the sole operator, developer and manager of the Logistics Hub Park and a key construction and operation platform in Shapingba district.

### **Strong ability and solid track record in attracting quality projects**

The Group has successfully attracted a number of reputable companies to establish their projects in the Logistics Hub Park. These projects include, among others, the Western Cross-border E-commerce Demonstration Base Project, the China National Petroleum Corporation Southwest Chongqing Storage and Sales Centre Project, the Chongqing Pharmaceutical Group Modern Logistics Base Project, the Sinotrans Chongqing Logistics Centre Project and the Florentia Village-Chongqing Outlets Project, each as further illustrated below:

- **Western Cross-border E-commerce Demonstration Base Project:** Italy-based Vailog, a leading European logistics real estate developer, launched the Western Cross-border E-commerce Demonstration Base Project in the Logistics Hub Park with the aim to construct a cross-border e-

commerce demonstration base which serves its high-end domestic and foreign e-commerce customers and international third-party logistics service providers. The Western Cross-border E-commerce Demonstration Base Project has an estimated total investment of approximately RMB0.4 billion;

- ***China National Petroleum Corporation Southwest Chongqing Storage and Sales Centre Project:*** A chemical products marketing company under China National Petroleum Corporation launched the China National Petroleum Corporation Southwest Chongqing Storage and Sales Centre Project in the Logistics Hub Park with the aim to construct an integrated logistics centre which manages the storage, distribution, information management, logistics, transportation and sale of solid petrochemical products. The China National Petroleum Corporation Southwest Chongqing Storage and Sales Centre Project has an estimated total investment of approximately RMB0.2 billion;
- ***Chongqing Pharmaceutical Group Modern Logistics Base Project:*** Chongqing Medicine, a leading pharmaceutical company in Western China, launched the Chongqing Pharmaceutical Group Modern Logistics Base Project in the Logistics Hub Park with the aim to construct a logistics centre which integrates retail chains, community logistics, sales and wholesale distribution and third-party logistics for the pharmaceutical industry. The Chongqing Pharmaceutical Group Modern Logistics Base Project has an estimated total investment of approximately RMB0.6 billion;
- ***Sinotrans Chongqing Logistics Centre Project:*** Sinotrans, a leading integrated logistics group in China, launched the Sinotrans Chongqing Logistics Centre Project in the Logistics Hub Park with the aim to construct various logistics facilities which support the provision of import-and-export freight forwarder and multimodal transport services. The Sinotrans Chongqing Logistics Centre Project has an estimated total investment of approximately RMB0.3 billion; and
- ***Florentia Village-Chongqing Outlets Project:*** Florentia Village, a prestigious outlet operator in China, launched the Florentia Village-Chongqing Outlets Project in the Logistics Hub Park in collaboration with Italy-based Fingen Group and RDM-associated Outemu Management Consulting (Shanghai) Co., Ltd. (歐特姆管理諮詢(上海)有限公司) with the aim to establish an integrated commerce and trade centre which agglomerates the outlets of various nationally and internationally renowned brand names and a series of ancillary facilities including car parks, exhibition areas and catering services. The Florentia Village-Chongqing Outlets Project has a total floor area of approximately 207 mu and an estimated total investment of approximately RMB0.8 billion. As at the date of this Offering Circular, the Florentia Village-Chongqing Outlets Project has recorded total sales, total customer flow and invoice per capita of approximately RMB99.0 million, 0.45 million and RMB220, respectively, since it commenced operation in February 2021.

#### **Well-positioned to capitalise on the development of the logistics industry in Chongqing**

The Group is well-positioned to capitalise on the development of the logistics industry in Chongqing. In particular, the logistics industry in Chongqing has experienced rapid growth since the Logistics Hub Park was established in Chongqing in September 2007.

- ***The Chongqing Railway Port***

In December 2013, the National Port Office approved the provisional opening of the Chongqing Railway Port, which had a total planned area of approximately 0.72 square kilometres, in the Logistics Hub Park. The Chongqing Railway Port was authorised by the State Council to import automobiles in July 2014 and passed the inspections by GAOC, the General Administration of Quality Supervision, the Ministry of Commerce and the Ministry of Industry and Information Technology in October 2014. In December 2015, the Chongqing Railway Port was officially approved by the PRC government and became the first railway port in inland China that connects China to Europe via railway freight trains along the Chongqing-Xinjiang-Europe Railway, a rail freight corridor that connects China to Europe and Central Asia. In November 2018, the Chongqing Railway Port was designated by the State Council to serve as a biological and pharmaceutical products port upon satisfying the requirements set down by the State

Council. As such, Chongqing had, following Beijing, Shanghai and Guangzhou, become the fourth city to obtain a mandate for operating a biological and pharmaceutical products port. Since obtaining the authorisation to import automobiles in 2014, the Chongqing Railway Port completed the first automobile import transaction in March 2019. As at the date of this Offering Circular, the Chongqing Railway Port is one of the leading inland ports in China in terms of total import amount and import categories.

- ***The Type B Logistics Centre***

In October 2014, GAOC, MOF, SAT and SAFE approved the establishment of the Type B Logistics Centre in the Logistics Hub Park. Construction works for the Type B Logistics Centre began in February 2015 and upon the joint inspection by GAOC, MOF, SAT and SAFE on 18 November 2015, the Type B Logistics Centre was officially approved by the PRC government and became the first type B bonded logistics centre in Chongqing. As at 31 December 2020, Phase I Parcel A of the Type B Logistics Centre, which covers a total area of approximately 57.9 thousand square metres, had been under operation with an average occupancy rate of approximately 90 per cent. while construction works for Phase I Parcel B of the Type B Logistics Centre, which covers a total area of approximately 88.0 thousand square metres (which includes approximately 46.0 thousand square metres of warehouses and approximately 37.0 thousand square metres of bonded icehouses) had been completed. As at 31 December 2020, the total value of transactions processed at the Type B Logistics Centre amounted to approximately U.S.\$800 million.

As a key player in Chongqing's logistics market, the Issuer believes that the Group has benefited, and will continue to benefit, from the rapid growth and development of the logistics industry in Chongqing and is in an advantageous position to capitalise on various favourable industrial development policies implemented by the PRC government in Chongqing.

#### **Stable management structure and comprehensive internal control system**

The Issuer endeavours to maintain a stable management structure and a comprehensive internal control system with the aims to strengthen the Group's internal control and ensures that its business practices are kept up to date. The Group has established an "eight department" management structure which consists of the general management department (office of the board of directors), financial investment and financing department, party and personnel department, planning and development department, investment promotion department (corporate services department), construction management department, port logistics department and contracts and legal affairs department (supervisory and audit department). The "eight department" management structure is directly supervised by the Issuer's senior management, which in turn is supervised by the Issuer's board of directors and shareholders. The Issuer implements a one-leader centralised management model which is designed to facilitate and streamline its management and decision making processes.

The Group has also established a comprehensive internal control system which consists of a robust risk management system and a prudent financial and internal accounting control system. In particular, the Group has established various procedures to identify and limit various risks which may arise from its daily operations. The Group has also incorporated levels of flexibility into its risk management system with the aim to cater for the different risk levels and exposures presented by different projects. The Issuer believes that the Group's stable management structure and comprehensive internal control system have ensured efficient management of the Group's business operations, enhanced the Group's profit-making capabilities and enabled the Group to pursue sustained and stable development.

#### **Experienced management team**

The Issuer's management team is directly appointed by the Chongqing municipal government and has a strong track record. The Issuer's management team is subject to stringent performance evaluation criteria from the Chongqing Development and Reform Commission and are typically tasked to achieve certain government-directed objectives. Performance of the Issuer's management team is typically evaluated against the general results of operations of the Logistics Hub Park as well as the Group's overall

financial well-being and stability. The Issuer's management team has extensive professional experience in the logistics industry and possesses specialised management skills, knowledge and industry expertise. The vision, experience and entrepreneurial spirit of the Issuer's management team have enabled the Group to maintain strong financial and operational performance as well as undertake various large-scale projects in a disciplined and efficient manner. The Issuer's core management team has an average of over 20 years of working experience at various government authorities and state-owned enterprises. The Issuer believes that the experience and knowledge of its management team are essential to the Group's ability to capitalise on various market opportunities, formulate effective business strategies, evaluate and control risks, implement management plans and enhance profitability, and that the Group's experienced management team is, and will continue to be, a solid foundation for its success.

## **BUSINESS STRATEGIES**

The Group's vision is to develop the Logistics Hub Park into an international and domestic transportation hub which connects China to other regions along the Silk Road Economic Belt, 21st Century Maritime Silk Road and Yangtze River Economic Belt via waterways, airways, railways and highways, a new platform for Asia-Europe cooperation, a nationally recognised free trade zone and a local platform for quality-living, commercial activities and leisure. The Issuer intends to accomplish these goals by implementing the following strategies:

### **Continue to develop and enhance the operation and management of the Logistics Hub Park**

The Group will continue to meet the government standards for the planning, design, development, construction, management and operation of the Logistics Hub Park. The Group aims to upgrade infrastructure in the Logistics Hub Park via making continued investments in the transportation infrastructure and water, electricity, gas and communication facilities in the Logistics Hub Park. In addition, the Group will continue to strengthen value chain management in the Logistics Hub Park, which involves transportation development, port logistics operations and efficient distribution of finished goods to the inland China and overseas markets. Going forward, the Group aims to develop the Logistics Hub Park into a port town characterised by the use of technology, efficient warehousing logistics, integrated trade finance and an optimal community for work and living. The Issuer believes that these strategies would operate to capitalise on the business opportunities arising from the "One Belt, One Road" initiative and the "stepping out" policies implemented the PRC government.

Leveraging its close relationships with local government authorities in Chongqing, the Group will continue to attract quality corporate investments into the Logistics Hub Park via providing monetary bonuses to large-scale enterprises registered in the Logistics Hub Park. The Group has been actively exploring partnership opportunities with reputable domestic and international professionals with the aim to introduce quality designs and innovation into its project design and implementation processes and aims to benchmark its projects against industrial standards by intensifying its domestic and international cooperation initiatives. The Group has implemented, and will continue to implement, strict quality control measures to monitor project quality throughout its project implementation process. The Issuer believes that quality urban planning and industrial development will serve to enhance value-addedness of its land resources in the Logistics Hub Park.

### **Further develop the Group's core business segments and growth strategies**

The Group intends to expand its core business segments such as development and management of the Logistics Hub Park, land development and property management. The Group aims to enhance its contribution to Chongqing's economic growth and development via attracting more multinational corporations to invest in the Logistics Hub Park, thereby increasing the overall trade flows and demand for financial services such as payments, port-related capital markets services and equity investments in the Logistics Hub Park. Going forward, the Group plans to further develop the financial services industry in the Logistics Hub Park with the aim to offer a multi-dimensional business support system to resident enterprises in the Logistics Hub Park. The Group also plans to enhance its profitability via

continuing to implement efficient cost control policies, which involve strictly monitoring its development and construction costs, maintaining disciplined capital commitments, diversifying its financing channels and continuing to seek long-term financing opportunities.

**Leverage its expertise and further capitalise on new business opportunities and synergies created by the strategic importance of Chongqing under the “One Belt, One Road” initiative**

The Group has a strong track record and is well-positioned to leverage its extensive industry experience and technical expertise to expand its business scope and operations in the Logistics Hub Park. In particular, the Group has established and maintained close relationships with the Chongqing municipal government and the Shapingba district government and has accumulated over 10 years of industry experience as the sole operator, developer and manager of the Logistics Hub Park. For example, the Group has, on behalf of the Chongqing municipal government, contributed a total of approximately RMB3.30 billion of government subsidies to the Chongqing-Xinjiang-Europe Railway from 2014 up to 31 December 2020. The Group intends to leverage these advantages and capitalise on the synergies across its diversified business platforms in the Logistics Hub Park to improve its profitability, enhance its business structure, develop more innovative business practices and explore further growth opportunities in the Logistics Hub Park.

In addition to further developing its core business segments and growth strategies, the Group also plans to capitalise on the strategic importance of Chongqing under the “One Belt, One Road” initiative and further serve the needs of its customers at every stage of their business operations by transitioning into an integrated service provider and serving as a strategic investor that, by itself or via its participation in joint ventures or investment funds, offers and invests in a diversified range of industries such as real estate development, international trading, entrepôt, financial settlement, bonded logistics and cross-border e-commerce.

**BUSINESSES**

The Issuer is a leading state-owned enterprise in Chongqing established by the Chongqing municipal government and is directly supervised and wholly-owned by the Shapingba SASAC. The Group focuses on the operation, development and management of the Logistics Hub Park and assumes important government functions, including expropriating land, formulating and implementing policies on industrial and urban development, fostering industrial development and planning and coordinating the construction of key international trade routes.

The Group has three principal business segments, namely, development and management of the Logistics Hub Park, land development and property management.



The following table sets forth the Group's operating revenue by sources for the periods indicated:

Source of operating revenue	For the year ended 31 December						For the six months ended 30 June			
	2018		2019		2020		2020		2021	
	% of total operating revenue		% of total operating revenue		% of total operating revenue		% of total operating revenue		% of total operating revenue	
	Amount		Amount		Amount		Amount		Amount	
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)
(RMB in millions, except percentages)										
Management fee revenue of the										
Logistics Hub Park . . . . .	764.3	33.0%	644.5	26.9%	876.1	38.2%	504.3	63.5%	150.1	18.0%
Land remediation revenue . . . . .	1,473.8	63.7%	1,608.4	67.1%	1,363.6	59.5%	259.7	32.7%	570.1	68.5%
Property services revenue . . . . .	74.1	3.2%	78.6	3.3%	29.5	1.3%	21.1	2.7%	75.5	9.1%
Others . . . . .	2.2	0.1%	65.2	2.7%	21.6	0.9%	8.5	1.1%	36.2	4.3%
<b>Total . . . . .</b>	<b>2,314.3</b>	<b>100%</b>	<b>2,396.7</b>	<b>100%</b>	<b>2,290.8</b>	<b>100%</b>	<b>793.6</b>	<b>100%</b>	<b>831.9</b>	<b>100%</b>

### Development and management of the Logistics Hub Park

The Issuer was established by the Chongqing municipal government in November 2007 with the primary responsibility to operate, develop and manage the Logistics Hub Park. The Logistics Hub Park was established after the 40th Mayor's Administrative Conference of Chongqing held in September 2007 to highlight, reinforce and develop the significance of the Tuanjiecun Station and the Xinglongchang Station. As at the date of this Offering Circular, the Logistics Hub Park has a total planned area of approximately 35.5 square kilometres and the Group is the sole operator, developer and manager of the Logistics Hub Park.

The Group cooperates with local government authorities to operate, develop and manage the Logistics Hub Park. The Group's activities range from infrastructure construction to carrying out marketing and promotional activities. The Group seeks to encourage enterprises to establish projects in the Logistics Hub Park, especially projects that could meet the strategic planning and urbanisation needs of the local government and other resident enterprises in the Logistics Hub Park. After the establishment of these projects, the Group would continue to provide follow-up management and operational services such as property leasing and planning guidance to various resident enterprises in the Logistics Hub Park.

The Group's management fee revenue of the Logistics Hub Park constituted its largest source of operating revenue for the six months ended 30 June 2020. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's operating revenue from management fee revenue of the Logistics Hub Park was approximately RMB764.3 million, RMB644.5 million, RMB876.1 million, RMB504.3 million and RMB150.1 million, respectively, accounting for approximately 33.0 per cent., 26.9 per cent., 38.2 per cent., 63.5 per cent. and 18.0 per cent., respectively, of the Group's total operating revenue for the same periods.

### Management fees

Pursuant to the Interim Measures of Chongqing on the Administration of the Financial Management of the State Owned Land Reserve (重慶市國有土地儲備整治財務管理暫行辦法) and the Approval of the Extraction of Management Fees of Chongqing Xiyong Micro Electronics Industrial Park Company Limited by the Chongqing Municipal Bureau of Finance (重慶市財政局關於對重慶西永微電園有限公司提取管理費用的批覆), the Group would typically receive management fees from the Shapingba district government with respect to the construction projects which it has undertaken pursuant to the Shapingba district government's directions. Management fees received by the Group are typically calculated with reference to a specified portion of the total annual expenditure associated with the relevant categories of expenditure incurred during the year and are typically paid to the Group by instalments during the next year upon obtaining approval from the Shapingba district government.



The following table sets forth the percentages of total annual expenditure which the Group is entitled to receive as management fees for the periods indicated:

Category of Expenditure	Percentages of the Total Expenditures	
	2008-2014	Since 2015 <sup>(1)</sup>
Land expropriation . . . . .	8%	18%
Urban housing demolition and resettlement . . . . .	4%	18%
Land and infrastructure facilities development . . . . .	8%	18%

(1) The Shapingba district government has increased the relevant ratio to 18 per cent. since 2015.

In addition, management fees to which the Group is entitled to receive from the Shapingba district government has also taken into account additional components including a specified portion of the Group's year-end financing balance and the taxes and total investments contributed by resident enterprises in the Logistics Hub Park. For the years ended 31 December 2018, 2019 and 2020, the total management fees received by the Group amounted to approximately RMB0.7 billion, RMB0.6 billion and RMB0.9 billion, respectively.

### ***Management and operation***

The Group cooperates with local government authorities to provide follow-up management and operational services such as property leasing, planning guidance and consulting services to the resident enterprises in the Logistics Hub Park. For example, the Group would provide consultation services to resident enterprises in relation to business registration matters and the relevant procedures for obtaining administrative approval for various construction projects in the Logistics Hub Park. The Group has also collaborated with the Chongqing municipal government and other local government authorities to enhance the public transportation system in the Logistics Hub Park as well as facilitate the establishment of various urban ancillary businesses and institutions such as bank branches, hospitals, schools and other public security custom, industrial, commercial and tax service providers in the Logistics Hub Park. The Group has also collaborated with a number of third-party service providers such as China Telecom and China Mobile to make telecommunication services available in the Logistics Hub Park with the aim to expand the range of available on-site services in the Logistics Hub Park.

### ***Marketing and promotion of the Logistics Hub Park***

The Group endeavours to attract quality corporate investments into the Logistics Hub Park. In particular, the Group is supported by an experienced sales and marketing team which focuses primarily on identifying and attracting investments from interested or compatible enterprises that meets the strategic planning and urbanisation needs of the local government and other resident enterprises in the Logistics Hub Park as well as promoting the Logistics Hub Park in general. In addition, the Group would approach selected enterprises with respect to the sale of land parcels in the Logistics Hub Park.

The Group's marketing and promotional activities primarily include:

- ***Market analyses:*** The Group would typically conduct market analyses which aim to identify the specific needs of various leading enterprises in the selected target industries such as automobile import, cross-border e-commerce, frozen food transportation and intermodal freight shipments as well as other industries that complement the local economic structure.
- ***Addressing the specific business needs of target enterprises:*** Based on the results of its market analyses, the Group would typically offer its target enterprises competitive terms which are typically determined on a case-by-case basis with reference to the specific business needs of each enterprise, with the aim to incentivise their investments into the Logistics Hub Park.

- ***Collaborating with local government authorities throughout the marketing process:*** Leveraging the Issuer's close relationships with the Chongqing municipal government and the Shapingba district government, the Group would arrange meetings between government officials and potential enterprises from time to time to ensure that the Chongqing municipal government and the Shapingba district government are informed of the potential benefits and contributions that certain key enterprises may bring to the local economy. During such meetings, the Group would also endeavour to provide the Chongqing municipal government and the Shapingba district government with information which could facilitate the determination of the scope and extent of any preferential policies or tax incentives to be offered to the relevant target enterprises.
- ***Sales and marketing team:*** The Group is supported by an experienced sales and marketing team which focuses primarily on identifying and attracting investments from enterprises that meets the strategic planning and urbanisation needs of the local government and other resident enterprises in the Logistics Hub Park as well as promoting the Logistics Hub Park in general. The Group also provides employees with internal training programmes on subjects such as corporate management, foreign language skills, construction and zoning.

### ***Corporate customers***

As at the date of this Offering Circular, a number of leading enterprises such as GLP Chongqing, Italy-based Vailog, Singapore-based Mapletree Logistics, U.S.-based Prologis, France-based GEFICO S.A., Germany-based Hellmann Worldwide Logistics, Australia-based Goodman, Florentia Village, China National Petroleum Corporation, Yonghui Supermarket Co., Ltd., Transfar Group, the Minsheng E-commerce Modern Finance Logistics Park, the Sinotrans Chongqing Logistics Centre and Chongqing Pharmaceutical (Group) Co., Ltd. have registered their operational bases in the Logistics Hub Park.

Since 2016 and up to 31 December 2020, an aggregate of approximately 3,873 enterprises had been registered in the Logistics Hub Park, representing a compound annual growth rate of approximately 52.7 per cent.

### ***Land Development***

As a major land developer in Chongqing, the Group collaborates with local governmental authorities in Chongqing to acquire, reserve, develop and sell land use rights. For the years ended 31 December 2018, 2019 and 2020, the total area of land developed by the Group and sold by government authorities via public auctions, tenders or listing for transfers was approximately 770,113 square metres, 770,180 square metres and 772,240 square metres, respectively. Both of the Chongqing municipal government and the Shapingba district government have agreed to transfer net proceeds from sales of land parcels in the Logistics Hub Park to the Group upon deducting the relevant fees, taxes and miscellaneous expenses incurred during the land development and sale processes.

The Group's land remediation revenue constituted its largest source of operating revenue for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's operating revenue from land remediation revenue was approximately RMB1,473.8 million, RMB1,608.4 million, RMB1,363.6 million, RMB259.7 million and RMB570.1 million, respectively, accounting for approximately 63.7 per cent., 67.1 per cent., 59.5 per cent., 32.7 per cent. and 68.5 per cent., respectively, of the Group's total operating revenue for the same periods.

### ***Land development and sale processes***

The Group's land development and sale processes primarily consist of four phases:

#### *Obtaining land resources*

The Group's land resources are typically obtained via expropriation. Following approval of a proposed acquisition plan, the Group would typically enter into relocation and resettlement commission agreements with the relevant local government authorities, which typically. The Local government authorities would typically delegate responsibilities for implementing the expropriation and relocation processes to the Expropriation Office of Shapingba district (the “**Expropriation Office**”), through which the Group would effect payment of the relevant relocation fees to the indigenous community such as the existing residents and farmers on the expropriated land. Relocation fees paid out by the Group would typically include requisition compensation, rural population resettlement fees, resident resettlement fees, advanced removal subsidies, township enterprise compensation, entity resettlement costs, rural labour endowments and labour absorption fees. In addition, the Expropriation Office is also tasked to prevent accidents during the course of resettlement as well as resolve various settlement-related disputes.

#### *Land zoning amendments*

Upon obtaining the relevant land resources the Group would typically engage third-party professional institutions to study and formulate relevant land zoning alternation plans. The Group would then apply to the relevant regulators such as the Chongqing Zoning Bureau for alternation to the prescribed zoning under the relevant laws and regulations. Each zoning alternation application would typically be reviewed and approved by Chongqing municipal government, the Chongqing Zoning Bureau and other relevant government authorities.

#### *Construction and development*

The Group typically engages third-party professional institutions to prepare and formulate construction and development plans for the relevant land development projects and would typically engage third-party contractors to provide construction services in relation to its land development projects upon obtaining government approval on the relevant project plan and designs.

#### *Sale of developed land*

Upon completion of a land development project, land parcels developed by the Group would typically be sold via public auctions, tenders or listing for transfers at the Chongqing Land Exchange Centre. During the sale process, the Chongqing Land and Housing Bureau would assess the Group's land acquisition costs and would make determinations on the relevant land grant fees to be adopted in accordance with the relevant standards promulgated by the Chongqing municipal government. The reserve price to be adopted for each auction would then be determined based on the Group's acquisition costs and the assessed land grant fees as assessed by the Chongqing Land and Housing Bureau.

Upon conclusion of the bidding process, a successful bidder would typically enter into a land grant agreement with the Chongqing Land and Housing Bureau and would pay the relevant land transfer price to the Chongqing Finance Bureau and the Chongqing Shapingba district Finance Bureau. Both of the Chongqing municipal government and the Shapingba district government have agreed to transfer net proceeds from sales of land parcels in the Logistics Hub Park to the Group upon deducting the relevant fees, taxes and miscellaneous expenses incurred during the land development and sale processes.

### ***Land development projects***

The following table sets forth certain of the Group's key land development projects as at 31 December 2020:

<b>No.</b>	<b>Land parcel</b>	<b>Total investment amount</b> <i>(RMB in billions)</i>	<b>Actual amount invested</b> <i>(RMB in billions)</i>	<b>Total area</b> <i>(square metres in thousands)</i>	<b>Status</b>
1. . . .	Logistics Park Central Business District X09-X12 plot	0.5	0.2	1.4	Completed
2. . . .	Shapingba Corporate Services Centre of China (Chongqing) Pilot Free Trade Zone	3.6	2.1	123.5	Under construction
3. . . .	Huilongba Resettlement Zone	0.7	0.06	195.6	Preliminary stage of planning
	<b>Total</b>	<b>4.8</b>	<b>2.4</b>	<b>320.5</b>	

### **Property Management**

The Group manages and leases certain investment properties in the Logistics Hub Park. The Group conducts its property management business primarily through one of its subsidiaries, namely, Chongqing Yuantou Industrial Co., Ltd. (重慶園投實業有限責任公司) (“**Chongqing Yuantou**”). As at the date of this Offering Circular, Chongqing Yuantou is a wholly-owned subsidiary of the Issuer.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's operating revenue from property services revenue was approximately RMB74.1 million, RMB78.6 million, RMB29.5 million, RMB21.1 million and RMB75.5 million, respectively, accounting for approximately 3.2 per cent., 3.3 per cent., 1.3 per cent., 2.7 per cent. and 9.1 per cent., respectively, of the Group's total operating revenue for the same periods.

### ***Rental determination process***

The Group has developed and established a rental determination process based on its years of operating experience in the property management industry. The Group typically determines the initial level for its investment properties based on a feasibility study and would assess its rent proposals with reference to its return on investment plans.

### ***Selection of tenants***

The Group's tenants include a number of internationally and domestically renowned logistics companies. The Group has adopted a number of tenant selection criteria such as the reasonableness of the proposed rent, the tenancy term, the prescribed quality standard and whether a potential tenant's business meets the Group's and the Logistics Hub Park's strategic planning and business needs.

### ***Leased properties***

For the year ended 31 December 2020, the Group had leased approximately 85 per cent. and 62 per cent. of its office buildings and public warehouses in the Logistics Hub Park, respectively.

### **Others**

The Group had also generated operating revenue from sales of land tickets, sales of goods, service fee revenue, interest income, disposal of investment properties, rental of fixed assets and other sources.

### *Sales of land tickets*

The Group was mandated by the Chongqing municipal government to construct and sell resettlement housing for the purpose of resettling indigenous community on land parcels expropriated for the development of the Logistics Hub Park. The relevant projects were undertaken by the Group on a one-off basis and the Issuer does not anticipate the Group to conduct any or any regular resettlement housing construction and sale activities in the future.

The following table sets forth certain of the Group's key resettlement housing projects completed as at 30 June 2021:

<u>Name of project</u>	<u>Location</u>	<u>Gross floor area</u> <i>(square metres)</i>	<u>Area sold</u> <i>(square metres)</i>	<u>Area unsold</u> <i>(square metres)</i>
Tuzhu Resettlement Housing Project . . . . .	Tuzhu	325,319.3	275,543.5	49,775.8
Huilongba Resettlement Housing Project (#1 Lot) . . .	Huilongba	117,927.4	105,259.9	12,667.5
<b>Total</b> . . . . .		<b>443,246.7</b>	<b>380,803.4</b>	<b>62,443.3</b>

For the year ended 31 December 2019 and the six months ended 30 June 2021, the Group's operating revenue from (in the case of the year ended 31 December 2019) sales of land tickets and (in the case of the six months ended 30 June 2021) sales income from resettlement housing was approximately RMB62.5 million and RMB18.5 million, respectively, accounting for approximately 2.6 per cent. and 2.2 per cent., respectively, of the Group's total operating revenue for the same periods. The Group did not report any operating revenue from sales of land tickets for the years ended 31 December 2018 and 2020 and the six months ended 30 June 2020.

### *Sales of goods*

Prior to October 2019, the Group conducted its sale of goods business primarily through its investment in Yuou Property Management. Yuou Property Management was deregistered in October 2019 and the Group did not account for any operating revenue from sale of goods for the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021.

## **COMPETITION**

The Issuer is wholly-owned by the PRC government and primarily engages businesses which requires extensive government authorisation and preferential policies. As at 30 June 2021, the Group faced minimal competition in its key business segments in the Logistics Hub Park. The Group's main competitors are primarily state-owned enterprises located in Chongqing and other regions in China.

## **FUNDING SOURCES**

The Group payment collection period of the Group's construction and land development projects is typically relatively long, and all or a large portion of the agreed remuneration payments or other payments are typically paid only after the relevant governmental entities have completed their inspection works and granted their approvals for the projects or a phase of the projects. However, the Group incurs a substantial amount of capital expenditure and ongoing costs such as material, equipment and labour costs, both at the beginning of a project and on an ongoing basis. Therefore, the Group has established diversified, market-oriented and commercialised financing channels with the aim to support its continued business expansion and working capital demands.

One of the Group's major source of funding is government grants and subsidies. For the years ended 31 December 2018, 2019 and 2020, the Group received a total of approximately RMB2.4 billion, RMB3.4 billion and RMB2.2 billion, respectively, of grants and subsidies (including land transfer payments and costs reimbursements) from the Chongqing municipal government and the Shapingba district government. The Shapingba district government has also provided the Group with various kinds of

financial support (but not including credit support). See “– *Competitive Strengths – Strong support (but not including credit support) from the Chongqing municipal government, the Shapingba district government and the Shapingba SASAC*”.

Over the past few years, the Group established a diverse range of external funding channels, which include:

- **banking credit:** As at the date of this Offering Circular, the Group had aggregate approved banking credit of approximately RMB11.2 billion; and
- **debt securities:** As at 30 June 2021, the Group had issued debt securities with a total outstanding balance of approximately RMB22,264.5 million, of which approximately RMB5,618.8 million was due within one year and approximately RMB16,645.7 million of which (including medium-term notes with a total outstanding balance of approximately RMB2,930.8 million, privately placed notes with a total outstanding balance of approximately RMB1,998.9 million and corporate bonds with a total outstanding balance of approximately RMB11,716.0 million) was due over one year.

## EMPLOYEES

As at the date of this Offering Circular, the Group has a total of approximately 306 employees. The Group maintains good working relationships with its workforce and had not experienced any work stoppages or strikes that could cause material adverse effect to the operation and performance of the Group as at 30 June 2021. The Group has made contributions to the employee pension plan, employee medical insurance, unemployment insurance, maternity insurance and workers’ compensation injury insurance in accordance with applicable laws and regulations and the relevant government standards and requirements in the industries in which the Group operates.

## ENVIRONMENTAL PROTECTION

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by relevant government authorities in the jurisdictions in which it operates. The Issuer believes that the Group is in compliance with applicable environmental regulations in all material respects. As at 30 June 2021, the Group was not aware of any environmental proceedings or investigations to which it is or might become a party.

## LEGAL PROCEEDINGS AND COMPLIANCE

The Group may be involved, from time to time, in legal proceedings arising in the ordinary course of its operations. See “*Risk Factors – Risks Relating to the Group’s Business – The Group faces litigation risks in the ordinary course of its business*”.

Except as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes and the Issuer is not aware that any such proceedings are pending or threatened.

## HEALTH AND SAFETY

The Group regards occupational health and safety as one of its important corporate and social responsibilities. The Group’s business operations involve significant risks and hazards that could result in damage or destruction of property, death and personal injury, business interruption and possible legal liabilities.



Pursuant to the Work Safety Law of the PRC (中華人民共和國安全生產法), the Regulations on Work Safety Accident Reporting and Investigation (生產安全事故報告和調查處理條例) and the Measures of Work Safety Permits (安全生產許可證條例) revised on 29 July 2014 and the Administrative Measures for the Accrual and Utilisation of Work Safety Funds of Enterprises (企業安全生產費用提取和使用管理辦法), the Group has established and implemented various policies and operating procedures such as the Measures on Work Safety Management, the Emergency Handling Plan for Industrial Accidents, the Guidelines on Construction Safety and Quality Standardisation, the Fire Accidents Management Plan and the Emergency Procedures for Fire Fighting.

The Group has also established a work safety committee and an emergency accident response group to handle matters relating to work safety, accident handling, accident rescue and safety training. The Group's project management department would also perform its duty to supervise and monitor the implementation of various work safety protocols adopted by the Group.

The Group's ability to comply with the applicable laws and regulations is a key consideration before it decides to commence the relevant projects. The Group's safety, health and environmental protection department is responsible for overseeing the Group's compliance with local occupational health, safety and environmental protection requirements and would conduct regular reviews to ensure and monitor the Group's compliance with the relevant laws and regulations.

## **INSURANCE**

Insurance in respect of property development operations is not mandatory for property developers in Chongqing under PRC laws and regulations. The Group does not maintain any insurance coverage for its construction projects and does not require its contractors to maintain insurance coverage for properties under construction. Other than employer's liability insurance, the Group does not maintain any insurance coverage against personal injuries arising from its construction projects. The Group's insurance coverage for its operation of the Logistics Hub Park are commensurate with the industry practice in the PRC. However, the insurance maintained by the Group may not be sufficient to cover all the potential claims of personal injury or property damages or environmental disruptions that may arise from the operation of the Logistics Hub Park or other business interruption risks. See "*Risk Factors – Risks Related to the Group's Business – Insurance for the Group's losses may be inadequate*". The aforementioned insurance is not mandatory according to PRC laws and regulations.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

The following table sets forth the members of the board of directors of the Issuer as at the date of this Offering Circular:

Name	Position
Luo Shuquan (羅書權) . . . . .	Chairman of the board of directors
Gu Yonghong (谷永紅) . . . . .	Director, general manager, legal representative and financial person-in-charge
Chen Bing (陳兵) . . . . .	Director and deputy general manager
Wang Lanfang (汪蘭芳) . . . . .	Director and deputy general manager
Qi Yingying (齊瑩瑩) . . . . .	Employee director

#### Luo Shuquan

Mr. Luo is the chairman of the board of directors of the Issuer. He is also the chairman of the board of directors of Chongqing Railway Port Logistics Development Co., Ltd. (重慶鐵路口岸物流開發有限責任公司) (“**Railway Port Logistics**”). Mr. Luo had held various positions at the government, including the deputy chief officer of the Finance Office and the head of the Finance Bureau of Qijiang county (綦江縣), the chief officer of the Finance Office and the deputy magistrate (副縣長) of Yunyang county (雲陽縣) and the deputy chief officer of the Yunyang Industrial Park Zone Management Committee (雲陽工業園區管理委員會). He also served as the deputy chairman of the board of directors of Chongqing Grain Group Red Dragonfly Oil Co., Ltd. (重慶糧食集團紅蜻蜓油脂有限責任公司), the chairman of the board of directors of Chongqing Shapingba Cultural Tourism Development Co., Ltd. (重慶沙坪壩文化旅遊發展有限責任公司) and the chairman of the board of directors of Chongqing Mairui Urban Construction and Investment Co., Ltd. (重慶邁瑞城市建設投資有限責任公司). Mr. Luo holds a postgraduate degree.

#### Gu Yonghong

Mr. Gu is a director, the general manager, the legal representative and the financial person-in-charge of the Issuer. He is also a director, the general manager and the legal representative of Railway Port Logistics, the chairman of the board of directors and the legal representative of Chongqing Modern Logistics Industry Equity Investment Fund Management Co., Ltd. (重慶現代物流產業股權投資基金管理有限公司), the executive director and the legal representative of Chongqing Silk Road Financing Guarantee Co., Ltd. (重慶絲路融資擔保有限責任公司), a director of Chongqing Logistics Financial Services Co., Ltd. (重慶物流金融服務股份有限公司), a director of Chongqing Port Industry and Finance Big Data Industrial Development Co., Ltd. (重慶口岸產融大數據產業發展有限公司), a director of China-Singapore Connectivity (Chongqing) Logistics Development Co., Ltd. (中新互聯互通(重慶)物流發展有限公司) and the chairman of the board of directors, the general manager and the legal representative of Chongqing Yuou Silk Road Construction Project Management Co., Ltd. (重慶渝歐絲路建設項目管理有限公司) (“**Silk Road Construction**”). Mr. Gu had held various positions at the government, including the deputy head of the General Department, the head of the General Department of the Leading Group Office and the head of the Planning Department of Chongqing University Science Park (重慶大學科技園), the person-in-charge of the General Office of the Chongqing Tuzhu Logistics Park Management Committee (重慶土主物流園管理委員會) and the deputy chief officer of the General Office of the Chongqing Western Modern Logistics Park Management Committee (重慶西部現代物流園管理委員會). Mr. Gu holds a postgraduate degree.

### Chen Bing

Mr. Chen is a director and a deputy general manager of the Issuer. He previously served as the general manager of Chongqing Shapingba District Urban-rural Construction and Development Company (重慶市沙坪壩區城鄉建設開發公司), the deputy head of the Public Work Bureau of Shapingba district and the executive director of Chongqing Yuantou. Mr. Chen holds an undergraduate degree.

### Wang Lanfang

Ms. Wang is a director and a deputy general manager of the Issuer. She is also a director of Silk Road Construction and the executive director and legal representative of Chongqing Xingshengxing Construction Project Management Co., Ltd. She had worked at Chongqing Huangguan Real Estate Company (重慶皇冠房地產公司) and Chongqing Shapingba District Science Park (重慶市沙坪壩區科技園). Ms. Wang holds an undergraduate degree.

### Qi Yingying

Ms. Qi is an employee director of the Issuer. She is also the head of the Financial Affairs, Investment and Financing Department of the Issuer, a manager of Chongqing Xingshengxing Construction Project Management Co., Ltd., a director of Chongqing Yuou Motor Vehicles Inspection Co., Ltd. (重慶渝歐機動車檢測有限公司) and a director of Silk Road Construction. She previously served as an employee director of Railway Port Logistics. She had also worked at Yuneng Taishan Electric Wire and Cable Company (渝能泰山電線電纜公司), Chongqing Dingzheng Packaging Materials Co., Ltd. (重慶頂正包材有限公司) and Chongqing Yunhe Hydropower Co., Ltd. (重慶雲河水電股份有限公司). Ms. Qi holds a university qualification.

## BOARD OF SUPERVISORS

The following table sets forth the members of the board of supervisors of the Issuer as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
Liu Sheng (劉晟) . . . . .	Chairman of the board of supervisors and chairman of the labour union
Jing Xiaolong (景小龍) . . . . .	Supervisor
Tan Zonghua (譚宗華) . . . . .	Supervisor
Jiang Suzhen (姜蘇臻) . . . . .	Employee Supervisor
Li Qiang (李強) . . . . .	Employee Supervisor

### Liu Sheng

Mr. Liu is the chairman of the board of supervisors and chairman of the labour union of the Issuer. He is also the chairman of the board of supervisors of Railway Port Logistics and a supervisor of Chongqing Huxinlian Logistics Development Co., Ltd. (重慶互新聯物流發展有限公司). He had held various positions at the government, including the deputy head of the Propaganda Department, the head of the Education Bureau and the deputy head of the Sports Bureau of Shapingba district, the chief officer of the Labour Committee of the People's Congress and the chief officer of the General Office of Shapingba residential district (沙坪壩街道) and the deputy chief officer of the Chongqing Tuzhu Logistics Park Management Committee. Mr. Liu holds a postgraduate degree.

### Jing Xiaolong

Mr. Jing is a supervisor of the Issuer. He is also a supervisor of Railway Port Logistics and a supervisor of Chongqing Yuou Public Rental Housing Investment and Construction Co., Ltd. (重慶渝歐公租房投資建設有限責任公司). He previously served as the chief officer of the General Office of Chongqing Construction and Industrial Group (重慶建設工業集團), the head of the General Human Affairs

Department of Shanghai Yamaha Construction and Sales Co., Ltd. (上海雅馬哈建設銷售有限公司) and the deputy head of the Operation and Planning Department of Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd. (重慶建設機電有限責任公司). Mr. Jing holds a postgraduate degree.

### **Tan Zonghua**

Mr. Tan is a supervisor of the Issuer. He is also the head of the Contract and Legal Affairs Department of the Issuer, a supervisor of Railway Port Logistics, a supervisor of China-Singapore Southbound Channel (Chongqing) Logistics Development Co., Ltd. (中新南向通道(重慶)物流發展有限公司), a supervisor of Chongqing Lianji Information Industrial Development Co., Ltd. (重慶聯集信息產業發展有限公司), a supervisor of Chongqing Pan-European Railway Port Operation and Management Co., Ltd. (重慶泛歐鐵路口岸經營管理有限責任公司) (“**Pan-European Railway Port**”), a supervisor of Chongqing Silk Road Financing Guarantee Co., Ltd., a supervisor of Silk Road Construction and the chairman of the board of supervisors of Chongqing Beimeng Engineering Project Management Co., Ltd. (重慶貝蒙工程項目管理有限責任公司). He previously served as the general manager of Chongqing Yuantou, the manager of the Human Resources Administration Department of Kingdee Software Chongqing Branch (金蝶軟件重慶分公司) and the manager of the Procurement Department and the deputy chief officer of the General Office of Southwest Synthetic Pharmaceutical Co., Ltd. (西南合成製藥股份有限公司). Mr. Tan holds a university qualification.

### **Jiang Suzhen**

Ms. Jiang is an employee supervisor of the Issuer. She works at the Contract and Legal Affairs Department of the Issuer and is also an employee supervisor of Chongqing Yuou Public Rental Housing Investment and Construction Co., Ltd. She previously served as an employee supervisor of Railway Port Logistics and the chief supervisor of the Financial Department, the chief supervisor of the General Department and the chief supervisor of the Operation and Support Department of Unicom Vsens Chongqing Branch (聯通華盛重慶分公司). She had also worked at Chongqing Aowei Communication Technology Co., Ltd. (重慶傲偉通信技術有限公司) and Inspur Information (Beijing) Electronic Industry Co., Ltd. (浪潮信息(北京)電子產業有限公司). Ms. Jiang holds a university qualification.

### **Li Qiang**

Mr. Li is an employee supervisor of the Issuer. He works at the Port Logistics Department of the Issuer and is also an employee supervisor of Railway Port Logistics. He previously served as an economic planner of Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限公司), a commercial consultant of Chongqing Shilianjunhui Real Estate Operation and Management Co., Ltd. (重慶世聯君匯房地產運營管理有限責任公司) and the manager of the Operation Department of Pan-European Railway Port. Mr. Li holds a postgraduate degree.

## SENIOR MANAGEMENT

The following table sets forth the members of the senior management of the Issuer as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
Gu Yonghong (谷永紅) . . . . .	Director, general manager, legal representative and financial person-in-charge
Chen Bing (陳兵) . . . . .	Director and deputy general manager
Wang Lanfang (汪蘭芳) . . . . .	Director and deputy general manager
Han Chao (韓超) . . . . .	Deputy general manager
Xiao Hua (肖華) . . . . .	Deputy general manager

### **Gu Yonghong**

Please refer to the profile of Mr. Gu in “- *Board of Directors*” above.

### **Chen Bing**

Please refer to the profile of Mr. Chen in “- *Board of Directors*” above.

### **Wang Lanfang**

Please refer to the profile of Ms. Wang in “- *Board of Directors*” above.

### **Han Chao**

Mr. Han is a deputy general manager of the Issuer. He is also the chairman of the board of directors and the legal representative of Chongqing Wohlde Supply Chain Management Co., Ltd. (重慶沃爾德供應鏈管理有限公司), the executive director and legal representative of Pan-European Railway Port, the executive director, general manager and legal representative of Chongqing Lianji Information Industrial Development Co., Ltd., the chairman of the board of directors of Chongqing Yuou Motor Vehicles Inspection Co., Ltd., a supervisor of Guangxi New Corridor International Container Port Co., Ltd. (廣西新通道國際集裝箱碼頭有限公司) and an employee director of Railway Port Logistics. He previously served as a supervisor of the Issuer and had worked at the Chongqing Foreign Economic and Trade Commission (重慶市外經貿委) and the Chongqing National Security Bureau (重慶市國家安全局). Mr. Han holds a university qualification.

### **Xiao Hua**

Mr. Xiao is a deputy general manager of the Issuer. He is also the executive director, general manager and legal representative of Chongqing Yuantou. He previously served as the executive director and legal representative of Chongqing Jingyuan Property Management Co., Ltd. (重慶井園物業管理有限公司), the head of the Land Development Department and the head of the Corporate Services Department of Chongqing Share Industry Investment Co., Ltd. (重慶共享工業投資有限公司) and the chief officer of the Corporate Services Centre of the Shapingba Industrial Park A District Management Committee Office (沙坪壩工業園A區管委會辦公室). He had also worked at the Chongqing Commission of Economy and Informatisation (重慶市經濟和信息化委員會) and the People’s Government of Fenghuang town (鳳凰鎮). Mr. Xiao holds a university qualification.

## **PRC REGULATIONS**

### **THE PRC REAL ESTATE INDUSTRY**

#### **Planning of a Property Project**

According to the Measures for Control and Administration of the Grant and Transfer of the Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction (currently known as the MOHURD) on 4 December 1992 and implemented on 1 January 1993, after signing the contract for the assignment of land use rights, a property development enterprise shall apply for a construction land planning permit from the city planning authority. After obtaining a construction land planning permit, a property development enterprise shall organise the necessary planning and design work in accordance with planning and design requirements and apply for a construction works planning permit from the city planning authority. The Urban and Rural Planning Law (城鄉規劃法) promulgated by the Standing Committee of the National People's Congress in October 2007 which became effective in January 2008 and was amended on 23 April 2019, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively prevent construction that is in breach of rules and regulations, the Urban and Rural Planning Law stipulates that where any construction project is commenced without obtaining a construction land planning permit, or where construction land planning permit has been obtained but construction has proceeded not in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totalling between 5 per cent. to 10 per cent. of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine totalling 10 per cent. or less of the construction cost will be imposed.

In November 2009, the MOHURD and the Office of the Leading Group for Addressing Problems Regarding Unauthorised Change of Planning and Adjustment of the Floor Ratio in Real Estate Development under the Ministry of Supervision jointly promulgated the Notification on Further Implementation of the Special Project to Address Problems Regarding Unauthorised Changes to the Planning and Adjustment of the Floor Area Ratio (關於深入推進房地產開發領違規變更規劃調整容積率問題專項治理的通知) which re-emphasised the need to rectify, investigate and punish property development enterprises which undertake any unauthorised adjustment of the floor area ratio.

#### **Construction of a Property Project**

According to the Measures for the Administration of Construction Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by the MOHURD on 25 June 2014 and as effective from 25 October 2014, which was amended on 19 September 2018 and on 30 March 2021 after obtaining the construction works planning permit, a property development enterprise shall apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above. The Notice Regarding the Strengthening and Regulation of the Management of New Projects (關於加強和規範新開工項目管理的通知) promulgated by the General Office of the State Council on 17 November 2007, regulates the conditions for commencing investment projects, establishes a mechanism for the coordination of government departments regarding new projects, strengthens the statistics and information management and tightens the supervision and inspection of new projects.



### **Completion of a Property Project**

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by the State Council on 30 January 2000 and amended on 23 April 2019, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the MOHURD in April 2000 and amended in October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the MOHURD on 2 December 2013, after the completion of construction of a project, the property must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the property development enterprise shall apply for at the property development authority under the people's government at the county level or above for a certificate of completion. Once the examination has been completed, a Record of Acceptance Examination upon Project Completion (項目竣工驗收報告) will be issued.

### **Environmental Protection**

Pursuant to the requirements of relevant laws and regulations such as the Appraisal Measures for the Impact on the Environment of the PRC (中華人民共和國環境影響評價法) implemented by the Standing Committee of the National People's Congress in September 2003 and amended on 29 December 2018, and the Regulations Governing Environmental Protection of Construction Projects (建設項目環境保護管理條例) implemented by the State Council in November 1998 and amended on 16 July 2017, property development enterprises and construction enterprises must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the developer should also comply with the appraisal documents relating to the impact on the environment and implement the environmental protection measures set out in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the developer should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

### **Construction Safety**

Under relevant laws and regulations such as the Laws for Safe Production in the PRC (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress in November 2002 and as amended in August 2009 and August 2014 respectively, the property development enterprise should apply to the supervisory department on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labour safety and hygiene standards of the State.

Under the Construction Law of the People's Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor.

## **Foreign Exchange Controls**

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

### ***Current Account Items***

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Foreign exchange payments under current account items can be made through foreign exchange banks so long as the underlying transactions are genuine, without the approval of, and/or registration or filing with, the relevant PRC authorities.

On 6 December 2013, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning Improving the Foreign Exchange Administration of Trade Financing Business of Banks (國家外匯管理局關於完善銀行貿易融資業務外匯管理有關問題的通知)(“**Circular 44**”), which aims to strengthen banks’ review and examination of compliance in trade financing as well as the systematic management of foreign exchange receipts by enterprises. Local authorities may adopt different practices in applying the Circular 44 and impose conditions for settlement of current account items.

### ***Capital Account Items***

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

On 30 March 2015, SAFE promulgated the Notices of Reformation on Administration of Settlement of Capital Foreign Exchange of Foreign-invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知(匯發[2015]19號)), which became effective on 1 June 2015. In order to further deepen the reform of the foreign exchange administration system, better satisfy and facilitate the needs of foreign-invested enterprises for business and capital operation, SAFE has decided to reform the management approach regarding the settlement of the foreign exchange capital of foreign-invested enterprises nationwide on the basis of summarising the pilot experience of certain regions in the early days. The key points of this notice set out as the following:

- the foreign exchange capital of foreign-invested enterprises shall be subject to the discretionary foreign exchange settlement;
- the capital in Renminbi obtained by foreign-invested enterprises from the discretionary settlement of foreign exchange capital shall be managed under the account pending for foreign exchange settlement payment;
- the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises;
- facilitating foreign-invested enterprises in carrying out domestic equity investment with the capital obtained from foreign exchange settlement;
- further standardising the administration of payment by the capital obtained by foreign exchange settlement;

- administration of the settlement and use of the capital in other foreign exchange accounts under direct investment; and
- further strengthening the ex-post regulation as well as investigation on and punishment against violations by the foreign exchange bureaus.

According to the Circular of the SAFE on Further Simplifying and Improving the Foreign Exchange Administration Policies of Foreign Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)) issued on 28 February 2015, SAFE authorised some qualified local banks in the PRC to carry out foreign exchange procedures in relation to inbound and outbound investment from 1 June 2015.

On 26 January 2017, SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核政策的通知(匯發[2017]3號)) to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans is allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;
- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, among others, granting loans and making equity investment domestically. Where a bank performs its guarantee obligation under overseas loans with domestic guarantee, relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;
- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically are no more than 100 per cent. of the average daily deposit balance in the previous six months as opposed to the former 50 per cent.; and the funds used domestically are not included in the bank's outstanding short-term external debt quota;
- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: Where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and
- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30 per cent. of owner's equity in the audited financial statements of the previous year.

The foregoing provisions, circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities.

## **Labour**

### ***Employment contracts***

According to the Employment Contract Law of the PRC promulgated by the Standing Committee of the National People's Congress of the PRC on 29 June 2007, which became effective on 1 January 2008 and amended on 28 December 2012, which became effective on 1 July 2013, and the Implementing Regulations of the Employment Contract Law of the PRC (中華人民共和國勞動合同法實施條例) promulgated by the State Council, which became effective on 18 September 2008, an employment relationship is established from the date when an employee commences work for an employer and a written employment contract must be entered into on this same day. If an employment relationship has

already been established with an employee but no written employment contract has been entered into at that time, a written employment contract must be entered into within one month from the date on which the employee commences work. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, it shall pay the employee an amount equal to two times his/her salary for each month that the employee is without a written employment contract, and rectify the situation by subsequently entering into a written employment contract with the employee.

### ***Employee funds***

Under applicable PRC laws, rules and regulations, including the Social Insurance Law (中華人民共和國社會保險法) promulgated by the Standing Committee of the National People's Congress on 28 October 2010 and became effective on 1 July 2011 and amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (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 amended on 24 March 2019, the Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法) promulgated by the Ministry of Labour on 14 December 1994 which became effective on 1 January 1995, the Regulations on Occupational Injury Insurance (工傷保險條例) promulgated by the State Council on 27 April 2003 which became effective on 1 January 2004 and amended on 20 December 2010, and the Regulations on the Administration of Housing Accumulation Funds (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 2019, 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 accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

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

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 China Banking Regulatory Commission 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, Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) and Notice of NDRC on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“**Circular 2881**”) were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the existing debts of their respective financing platforms. In accordance with Circular 2881, indebtedness of local governments will impact their respective financing platform's issuance of enterprise bonds.

In accordance with the currently effective Budget Law which took effect in 1995, local governments shall not issue bonds directly. On 31 August 2014, National People's Congress adopted the amended Budget Law of the PRC (the “**New Budget Law**”), which became effective on 1 January 2015, and newly amended on 29 December 2018. The New Budget Law grants local governments the right to issue government bonds.

On 21 September 2014, the State Council released Circular 43. Circular 43 aims at regulating the financing system of local governments and three channels are presented. In accordance with Circular 43, financing platforms shall no longer function as financing vehicles of the local governments nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds and public interest projects with income generated may be operated independently by

private investors or jointly by the government and private investors through the establishment of special purpose companies. Private 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. Private 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 private investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

On 23 October 2014, MOF promulgated Circular 351 based on Circular 43. Circular 351 further requires the local governments to clear up the existing debts of their respective financing platforms of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts.

Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of Ministry of Finance, People's Bank of China and China Banking Regulatory Commission on Properly Solving the Problem of Follow-up Financing for Projects under Construction of Local Government Financing Platform Companies (國務院辦公廳轉發財政部、人民銀行、銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) which was promulgated by General Office of the State Council and became effective on 11 May 2015, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated. The key tasks of local governments and banking financial institutions are as follows: (a) supporting stock financing needs for projects under construction; (b) regulating increment financing for projects under construction; (c) administering in an effective and proper manner follow-up financing for projects under construction; and (d) improving supporting measures.

In accordance with Circular 706 issued jointly by NDRC and MOF on 11 May 2018, which prohibited enterprises from, in any name, requesting a local government or a department affiliated thereto to provide guarantee or undertake liability for debt repayment for its market-oriented fundraising or accepting the guarantee provided or debt repayment promised by such local government or department. Circular 706 further requires that the information which possibly contains government credit support including local financial revenue and expenditure and government debt data shall not be disclosed in the bond prospectus and other documents. It is also prohibited to connect the misleading promotion with government credit. It should be clarified in the relevant documents that, as the contributor, local governments only assume the liabilities to the extent of their respective capital contributions, and the relevant debts shall be repaid by the enterprise issuing bond as the independent legal person. The relevant credit rating agency shall not connect enterprise credit with local government credit. The declaring enterprise shall be responsible for the authenticity and compliance of the application materials.



## TAXATION

*The following summary of certain PRC, Hong Kong, Singapore and FATCA tax consequences of the purchase, ownership and disposition of the Notes 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the New Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.*

### PRC

*The following summary accurately describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this “– PRC” section. In considering whether to invest in the New Notes, 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.*

#### Withholding on Interest

Pursuant to the EIT Law and its implementation regulations and Individual Income Tax Law of the PRC, which was newly amended on April 23 2019 and took effect on the same date, and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Noteholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals. Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Noteholders. The tax so charged on interests paid on the Notes to non-PRC Noteholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will not exceed 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by SAT. To enjoy this preferential tax rate of not exceeding 7 per cent., the Issuer could apply, on behalf of the Noteholders, to SAT for the application of the tax rate of not exceeding 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Notes.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Notes*”.

### VAT

On 23 March 2016, MOF and SAT issued Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.



According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Issuer shall withhold EIT (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, business tax or VAT otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see *“Terms and Conditions of the Notes – Taxation”*.

### **Capital Gains**

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes 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 Notes by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply

respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Noteholders 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 Notes.

### **Stamp Duty**

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

## **HONG KONG**

### **Withholding Tax**

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

### **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).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried in Hong Kong in the following circumstances:

1. interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
2. interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or
3. interest on the Notes 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 the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to profits tax.

### **Stamp Duty**

No Hong Kong stamp duty will be chargeable for the issue and transfer of the Notes.

### **Estate Duty**

No Hong Kong estate duty is payable in respect of the Notes.

## SINGAPORE

*The statements made herein regarding taxation are general in nature and based on certain aspects of the current tax laws of Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”) the Monetary Authority of Singapore (“MAS”) and other relevant authorities in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of these laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the New Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the New Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the New Notes and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Noteholders or prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the New Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasised that none of the Issuer, the Joint Lead Managers and any other persons involved in the issuance of the New Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the New Notes.*

### Interest and Other Payments

As the Issuer is not based in Singapore and more than half of the New Notes issued under the issue are distributed by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) company (as defined in the ITA), and the New Notes are issued as debt securities prior to 31 December 2023, the New Notes would be, pursuant to the ITA, qualifying debt securities (“QDS”) for the purposes of the ITA, to which the following treatment shall apply:

Subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the New Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the New Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the New Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of ten per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates.

Notwithstanding the foregoing:

- A. if during the primary launch of the New Notes, the New Notes are issued to fewer than four persons and 50 per cent. or more of the issue of the New Notes is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, the New Notes would not qualify as QDS; and

B. even though the New Notes are QDS, if 50 per cent. or more of the issue of the New Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the New Notes held by:

(i) any related party(ies) of the Issuer; or

(ii) any other person where the funds used by such person to acquire the New Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the New Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such New Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the New Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

### **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the New Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the New Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the New Notes who apply or are required to apply Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), Singapore Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be), may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the New Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below entitled “Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes”.

#### **Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the New Notes and prospective holders of the New Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the New Notes.

#### **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

#### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment” and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their

investment in the Notes or Residual Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.



## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 31 August 2021 (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 New Notes indicated in the following table.

	<b>Principal amount of the New Notes to be subscribed</b>
	<i>(U.S.\$)</i>
DBS Bank Ltd. . . . .	85,000,000
Guotai Junan Securities (Hong Kong) Limited . . . . .	10,000,000
ICBC International Securities Limited . . . . .	10,000,000
Shenwan Hongyuan Securities (H.K.) Limited . . . . .	10,000,000
CMBC Securities Company Limited . . . . .	5,000,000
Zhongtai International Securities Limited . . . . .	5,000,000
Fosun Hani Securities Limited. . . . .	5,000,000
China International Capital Corporation Hong Kong Securities Limited. . . . .	5,000,000
CEB International Capital Corporation Limited . . . . .	5,000,000
SPDB International Capital Limited . . . . .	5,000,000
Carnegie Hill Capital Partners Limited . . . . .	5,000,000
Haitong International Securities Company Limited . . . . .	5,000,000
<b>Total</b> . . . . .	<b><u>155,000,000</u></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 New Notes. 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 New Notes, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up New Notes 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 New Notes being offered should be read as including any offering of the New Notes 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 Existing Notes or the New Notes for its or their own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes 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 Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

In the ordinary course of its 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 of the Issuer, including the Notes and could adversely affect the trading prices of the Notes. The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

In connection with the issue of the New Notes, the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) may over-allot New Notes or effect transactions with a view to supporting the price of the New Notes at a level higher than that which might otherwise prevail for a limited period after the New Issue Date. However, there is no obligation on such Stabilisation Manager(s) to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

## **GENERAL**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the New Notes 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 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 New Notes, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the New Notes or any other offering or publicity material relating to the New Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the New Notes 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 New Notes 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 New Notes be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

## **UNITED STATES**

The New Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Joint Lead Managers has represented and warranted that it has not offered or sold, and have agreed that it will not offer or sell, any of the New Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its

or their behalf have engaged or will engage in any directed selling efforts with respect to the New Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each of the Joint Lead Managers has represented and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act (“**Regulation D**”)), nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the New Notes in the United States.

## **UNITED KINGDOM**

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

- (i) 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 New Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Notes in, from or otherwise involving the United Kingdom.

## **HONG KONG**

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

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

## **PRC**

Each of the Joint Lead Managers has represented, warranted and agreed that the New Notes 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 Region of the People’s Republic of China or Taiwan), except as permitted by the securities laws of the PRC.

## **SINGAPORE**

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with MAS. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any New Notes or caused the New Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Notes or cause

the New Notes 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 New Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Notes 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 New Notes 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)(i)(B) 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.

## **JAPAN**

The New Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”) and, accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Notes 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, regulations and ministerial guidelines of Japan.

## **BRITISH VIRGIN ISLANDS**

Each of the Joint Lead Managers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the New Notes and the New Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and there will not be, an offering of the New Notes to any person in the British Virgin Islands.

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

The Audited Financial Statements and the Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP issued by MOF on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter. Other than on reversal of impairment provisions taken on assets, PRC GAAP has substantively converged with IFRS. Accordingly, there are no other significant differences between the principal accounting policies adopted by the Issuer and IFRS. The difference on reversal of impairment provisions taken on assets is discussed in further detail in this section.

### **REVERSAL OF IMPAIRMENT LOSSES ON ASSETS**

In accordance with PRC Accounting Standards No. 8 – Impairment of Assets, an asset impairment loss that has been recognised shall not be reversed in subsequent accounting periods, while in accordance with IAS 36 Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognised in prior periods for an asset other than goodwill can be reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount of that asset since the last impairment loss was recognised.

### **BUSINESS COMBINATIONS UNDER THE COMMON CONTROL**

A business combination under the common control has specific provisions in PRC Accounting Standards No. 20 – Business Combinations, also the recognition and measurement of the investment has specific provisions in accordance with PRC Accounting Standards No. 2 – Long-term Equity Investments, but IFRS 3 Business Combinations does not make specific discussion on business combination under the common control.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, respectively, the Issuer had no such reversal of impairment losses on assets and business combinations under the common control. Therefore, the above difference had no substantial impact on the Audited Financial Statements and the Reviewed Financial Statements.

The above analyses are not meant to be an exhaustive description of all significant differences between PRC GAAP and IFRS. In making an investment decision, potential investors must rely upon their own examination of the Issuer, the Group, the terms of the offering and the financial information included herein. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information.

## GENERAL INFORMATION

1. **Approval, Listing and Admission to Trading of New Notes:** The Existing Notes are listed and quoted on the SGX-ST. Approval in-principle has been obtained from the SGX-ST for permission to deal in, and for the listing and quotation of the New Notes on the Official List of the SGX-ST. Such permission will be granted when the New Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. The approval-in-principle for the listing and quotation of the New Notes on the SGX-ST, admission of the New Notes to the Official List of the SGX-ST, and the quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any) or the Notes. There can be no assurance that such listing will be granted or, if granted, that such listing will be maintained. Under the rules of the SGX-ST, the Notes, if traded on the SGX-ST, are required to be traded in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

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

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes (including the Existing Notes and the New Notes), the Existing Trust Deed and the Existing Agency Agreement. The issue of the Notes and the entry into the transaction documents in connection with the Notes were authorised by resolutions of the Board of Directors of the Issuer on 28 October 2020 and by resolutions of the shareholder of the Issuer on 29 October 2020.
3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no adverse change in the prospects of the Issuer or the Group nor any adverse change in the financial or trading position of the Group since 30 June 2021.
4. **Litigation:** Except as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes and the Issuer is not aware that any such proceedings are pending or threatened.
5. **Clearing Systems:** The Existing Notes have been accepted for clearance through Euroclear and Clearstream. The New Notes will be immediately fungible with the Existing Notes upon issue on the New Issue Date. On the New Issue Date, the New Notes will be consolidated into and form a single series with the Existing Notes, and the whole series of Notes will be cleared by Euroclear and Clearstream under Common Code number 236108597 and the International Securities Identification Number for the Notes is XS2361085975.
6. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 30030066Q0QO0DGFUS05.
7. **Available Documents:** Copies of the Audited Financial Statements, the Reviewed Financial Statements, the Existing Trust Deed, the Supplemental Trust Deed, the Existing Agency Agreement, the Supplemental Agency Agreement and the Articles of Association of the Issuer will



be available for inspection in physical form from the New Issue Date at the Issuer's principal office at Zimao Building, No. 8 Xiyuan North Street, Shapingba District, Chongqing, PRC during normal business hours, so long as any of the Notes is outstanding.

8. **Financial Statements:** The summary audited consolidated financial information of the Issuer as at 1 January 2019 and 2020 and 31 December 2020 and for the years ended 31 December 2018, 2019 and 2020 set out in this Offering Circular has been derived from the Audited Financial Statements, which were audited by ShineWing as stated in its reports dated 20 April 2020 and 27 April 2021, respectively. The summary unaudited but reviewed consolidated financial information of the Issuer as at 30 June 2021 and for the six months ended 30 June 2020 and 2021 set out in this Offering Circular has been derived from the Reviewed Financial Statements, which were reviewed by ShineWing as stated in its report dated 5 August 2021. The Audited Financial Statements and the Reviewed Financial Statements have been prepared and presented in accordance with PRC GAAP. The Audited Financial Statements and the Reviewed Financial Statements are not intended to present the Issuer's or the Group's financial position, results of operations or cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.

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#### *Note:*

According to Circular 706, any Public Interest Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. As at 30 June 2021, the Group's Public Interest Assets amounted to approximately RMB5,051.1 million, representing approximately 8.3 per cent. of the Group's total assets. Potential investors should note that such amount of the Group's Public Interest Assets has not been audited or reviewed by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount. Potential investors should not take into account the Group's Public Interest Assets when assessing the Group's business, financial condition, results of operations and prospects as the Group's Public Interest Assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Notes, and the enforcement towards the Group's Public Interest Assets may involve uncertainties. The Group's Public Interest Assets have not been excluded from the Audited Financial Statements and the Reviewed Financial Statements included elsewhere in this Offering Circular and potential investors must therefore exercise caution when using the Audited Financial Statements and the Reviewed Financial Statements to evaluate the Group's business, financial condition, results of operations and prospects. See *"Risk Factors – Risks Relating to the Group's Business – Any Public Interest Assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed"*.

## ISSUER

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