IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") attached to this e-mail. You are therefore advised to read this disclaimer 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 from time to time, each time you receive any information as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

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 (THE "SECURITIES") AND THE GUARANTEE (EACH AS DESCRIBED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES 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 AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE 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 ADDRESS IN THE UNITED STATES. 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.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to Hanrui Overseas Investment Co., Ltd. (the "**Issuer**"), Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司) (the "**Guarantor**"), Haitong International Securities Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited and JQ Securities (Hong Kong) Limited (together the "**Joint Lead Managers**", and each a "**Joint Lead Manager**") that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents (in each case as defined in the Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

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

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

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the Securities, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Actions that you may not take: If you receive the Offering Circular by e-mail, you should not reply by e-mail to this electronic transmission, 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.

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.

STRICTLY CONFIDENTIAL

HANRUI OVERSEAS INVESTMENT CO., LTD.

(incorporated in the British Virgin Islands with limited liability)

U.S.$120,000,000 3.80 per cent. Credit Enhanced Guaranteed Bonds due 2025
Unconditionally and Irrevocably Guaranteed by

瀚瑞控股
HANRUI

JIANGSU HANRUI INVESTMENT HOLDINGS CO., LTD.
(江蘇瀚瑞投資控股有限公司)

(incorporated in the People's Republic of China with limited liability)

with the benefit of an irrevocable Standby Letter of Credit issued by
China Zheshang Bank Co., Ltd. Nanjing Branch

Issue Price 100.00 per cent.

The U.S.$120,000,000 3.80 per cent. credit enhanced guaranteed bonds due 2025 (the "**Bonds**") will be issued by Hanrui Overseas Investment Co., Ltd. (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司) (the "**Guarantor**"), a company incorporated under the laws of the People's Republic of China (the "**PRC**"). The Issuer is an indirectly wholly-owned subsidiary of the Guarantor.

Payments of principal and premium in respect of the Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit")** denominated in U.S. dollars and issued by China Zheshang Bank Co., Ltd. Nanjing Branch (the "**LC Bank")** in favour of the Trustee on behalf of itself and the holders of the Bonds. See "*Appendix I — Form of Irrevocable Standby Letter of Credit"* for the form of the Standby Letter of Credit.

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

The Bonds will bear interest on their outstanding principal amount from and including 27 April 2022 (the "**Issue Date**") at the rate of 3.80 per cent. per annum, payable semi-annually in arrear in equal instalments on 27 April and 27 October in each year (each an "**Interest Payment Date**"), commencing on 27 October 2022.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, 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 within the British Virgin Islands or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, to the extent as described in "*Terms and Conditions of the Bonds — Taxation*".

The Guarantor has made an application for the pre-issuance registration (the "**Pre-Issuance Registration**") in relation to the Bonds with the National Development and Reform Commission (the "**NDRC**") in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No. 2044) (the "**NDRC Notice**") (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) issued by the NDRC which came into effect on 14 September 2015. The Guarantor has received an Enterprise Foreign Debt Filing Registration Certificate dated 25 August 2021 from the NDRC in connection with the Pre-Issuance Registration. Pursuant to the requirements of the NDRC Notice, the Guarantor will be required to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days (as defined in the Terms and Conditions of the Bonds, the "**Conditions**") after the Issue Date (the "**NDRC Post-issue Filing**").

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") with The Bank of New York Mellon, London Branch (the "**Trustee**") on or around the Issue Date. The Guarantor undertakes to use its best endeavours to file or cause to be filed with the State Administration of Foreign Exchange in the PRC or its local branch ("**SAFE**"), the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee for registration in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration with SAFE and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 April 2025 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 17 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued to, but excluding, the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction) which change or amendment becomes effective on or after 22 April 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Conditions) at their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control*".

If a Pre-funding Failure (as defined in the Conditions) occurs in respect of a scheduled payment of principal or interest payable under Condition 4(b), the Bonds shall be redeemed at their principal amount on the Interest Payment Date (as defined in the Conditions) immediately falling after the date a Pre-funding Failure Notice (as defined in the Conditions) is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**") (together with interest accrued to but excluding the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Mandatory Redemption upon Pre-funding Failure*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 59.

The Bonds will not be rated.

The Bonds will be issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 21 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds, the Guarantee and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") 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. The Bonds and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds, the Guarantee, the Standby Letter of Credit and the distribution of the Offering Circular, see "*Subscription and Sale".*

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee. This is supported by the recently promulgated Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of Financial Institutions 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, 財金 [2018]23 號) (the "**MOF Circular**") promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks (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) (the "**Joint Circular**") promulgated on 11 May 2018 and took effect on the same day and the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (the "**Circular 666**") promulgated on 6 June 2019 and took effect on the same day. The MOF Circular, the Joint Circular and the Circular 666 do not, however, restrict the PRC government from providing relevant support to the Group (as defined herein), provided that such support is granted in compliance with relevant PRC laws. See "*Risk Factors — Risks relating to the Group's General Operations — PRC regulations on the administration of local governments restrict the Group's financing model*".

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Guarantor, the Group, or the quality of disclosure in this Offering Circular.

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

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Haitong International

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

Joint Bookrunners and Joint Lead Managers

China Galaxy International

China International Capital Corporation

JQ Securities

Offering Circular dated 22 April 2022

IMPORTANT NOTICE

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, THE GUARANTOR OR ANY OF THE GUARANTOR'S OTHER SUBSIDIARIES (COLLECTIVELY, THE "**GROUP**") OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in the Offering Circular and confirms, having made all reasonable enquiries, that (i) the Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, the Bonds, the Guarantee and the Standby Letter of Credit which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws or which, according to the particular nature of the Issuer, the Guarantor, the Group, the LC Bank, the Bonds, the Guarantee and the Standby Letter of Credit, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits, and losses and prospects of the Issuer, the Guarantor and the Group, the LC Bank and of the rights attaching to the Bonds, the Guarantee and the Standby Letter of Credit), (ii) the statements contained in the Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds, the Guarantee and the Standby Letter of Credit are in every material particular true and accurate and not misleading, (iii) the opinions and intentions with regard to the Issuer, the Guarantor and the Group expressed in the Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Bonds, the Guarantee or the Standby Letter of Credit, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in the Offering Circular misleading; (v) the Offering Circular does not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (vi) the statistical, industry and market-related data and forward-looking statements, each of which are included in the Offering Circular, are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects, and represent each of their good faith estimates that are made on the basis of data so derived from such sources.

Notwithstanding the foregoing, the information included in the Offering Circular regarding China Zheshang Bank Co., Ltd. ("**China Zheshang Bank**") and the LC Bank is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer and the Guarantor have taken reasonable care in the compilation and reproduction of the information. However, none of the Issuer, the Guarantor, the Joint Lead Managers (as defined below), the Trustee and the Agents (in each case as defined in this Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds, the giving of the Guarantee and the Standby Letter of Credit described in the Offering Circular. The distribution of the Offering Circular, the offering of the Bonds and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Issuer, the Guarantor, Haitong International Securities Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited and JQ Securities (Hong Kong) Limited (together 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 Bonds, giving of the Guarantee and the Standby Letter of Credit or the distribution of the Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantor giving the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of the Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of the Offering Circular. The Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of the Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of the Offering Circular, agrees to the foregoing and to make no photocopies of the Offering Circular or any documents referred to in the Offering Circular.

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

None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers and affiliates or any person who controls any of them has separately verified the information contained in the Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in the Offering Circular or any information supplied in connection with the Bonds, the Guarantee and the Standby Letter of Credit. Each person receiving the Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, adviser or affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the Group, the LC Bank, the Guarantee, the Standby Letter of Credit and the terms of the offering and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them accepts any responsibility for the contents of the Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them of any such person or on its behalf, in connection with the Issuer, the Guarantor, the Group, the LC Bank, the issue and offering of the Bonds, the giving of the Guarantee or the Standby Letter of Credit. Each of the Joint Lead Managers, the Trustee and the Agents and any of their respective directors, officers, employees, agents, representatives, advisers and affiliates and any person who controls any of them of such persons accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them, undertakes to review the financial condition or affairs of the Issuer, the Guarantor, the Group or the LC Bank during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates.

The Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. The Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Group, the LC Bank, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them that any recipient of the Offering Circular should subscribe for or purchase any Bonds. Each recipient of the Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor with its own tax, legal and business advisers as it deems necessary.

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The Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read the Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. The Offering Circular cannot be used for any other purpose and any information in the Offering Circular cannot be disclosed to any other person. The Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

The Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor, the LC Bank and the Joint Lead Managers refer the recipient of the Offering Circular to them for a more complete understanding of what is contained in the Offering Circular. None of the Issuer, the Guarantor, the Group, the LC Bank, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of the Offering Circular should not consider any information in the Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

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

Industry and Market Data

Market data and certain industry forecasts used throughout the 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 and Guarantor 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 Guarantor, the LC Bank, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, representatives, agents, officers or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information complied 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 Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020. The consolidated financial information of the Guarantor as at and for the years ended 31 December 2019 and 2020 has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2020 (the "**2020 Audited Financial Statements**") and the consolidated financial information of the Guarantor as at and for the year ended 31 December 2018 has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2019 (the "**2019 Audited Financial Statements**" and together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**") which are included elsewhere in the Offering Circular. The Audited Financial Statements had been audited by Suya Jincheng Certified Public Accountants LLP (formerly known as Jiangsu Suya Jincheng Certified Public Accountants LLP, "**Suya Jincheng**"), the independent auditors of the Guarantor.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). The Guarantor has not prepared its financial statements or consolidated financial statements, as the case may be, in accordance with International Financial Reporting Standards ("**IFRS**"). PRC GAAP differs in certain material respects from IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*". The Guarantor has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS and has not quantified such differences.

The Audited Financial Statements have been prepared in Chinese only (the "**Chinese Financial Statements**") and an English translation of the Audited Financial Statements (the "**Financial Statements Translation**") has been prepared and included elsewhere in the Offering Circular for reference only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited financial statements and/or unaudited but reviewed financial statements, and is qualified in its entirety by, and is subject to the financial information set out or referred to in, the Chinese Financial Statements. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified or checked the accuracy of the Financial Statements Translation and gives no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. Potential investors must exercise caution when they use such financial information to evaluate the Group's financial condition and results of operations.

This Offering Circular contains certain information regarding the Guarantor's EBITDA. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Guarantor has included EBITDA because it believes that it is a useful supplement to cash flow data as a measure of the Guarantor's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

CERTAIN TERMS AND CONVENTIONS AND CURRENCY PRESENTATION

The Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in the Offering Circular all references to (i) the "**Issuer**" are to Hanrui Overseas Investment Co., Ltd., (ii) the "**Guarantor**" or the "**Company**" are to Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司) and (iii) the "**Group**" are to the Guarantor and its direct and indirect subsidiaries, taken as a whole.

Unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to the "**PRC**" or "**China**" are to the People's Republic of China, for the purpose of the Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan, to the "**U.S.**" or "**United States**" are to the United States of America, to "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC, and to "**U.S.$**" or "**U.S. dollars**" are to the lawful currency of the United States of America. All references to "**Mu**" are to the unit of land areas, and one Mu (畝) equals to approximately 0.1647 acre.

Unless otherwise stated in the Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB6.5250 to U.S.$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi on 31 December 2020 as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System. All such translations in the Offering Circular are provided solely for investors' convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see "*Exchange Rates*".

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

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

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

- "**CAGR**" are to compound annual growth rate;
- "**CBRC**" are to the China Banking Regulatory Commission (中國銀行業監督管理委員會);
- "**GDP**" are to gross domestic product;
- "**GFA**" are to gross floor area;
- "**GRP**" are to gross regional product;
- "**MOF**" are to Ministry of Finance of the PRC (中華人民共和國財政部);
- "**MOFCOM**" are to the Ministry of Commerce of the PRC (中華人民共和國商務部);
- "**MOHURD**" are to the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部);
- "**PBOC**" are to People's Bank of China (中國人民銀行), the central bank of the PRC;
- "**PRC government**" are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- "**SASAC**" are to the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);

- "**SAT**" are to State Taxation Administration of the PRC (國家稅務總局);
- "**sq.m**." are to square metres;
- "**State Council**" are to State Council of the PRC (中華人民共和國國務院);
- "**VAT**" are to value-added tax;
- "**Zhenjiang Municipal Government**" are to the Zhenjiang Municipal People's Government (鎮江市人民政府);
- "**Zhenjiang New Zone**" are to Zhenjiang Economic Development Zone (鎮江經濟技術開發區);
- "**Zhenjiang New Zone Management Committee**" are to the management committee of Zhenjiang New Zone (鎮江新區管理委員會); and
- "**Zhenjiang SASAC**" are to State-owned Assets Supervision and Administration Commission of Zhenjiang Municipal Government (鎮江市人民政府國有資產監督管理委員會).

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

FORWARD-LOOKING STATEMENTS

The Offering Circular contains forward-looking statements. The forward-looking statements contain information regarding, among other things, the Group's future operations, performance, financial condition, expansion plans and business strategies. These forward-looking statements are based on the Group's current expectations and projections about future events. Although the Group believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- general economic and political conditions in the PRC and globally;
- financial condition, performance and business prospects of the Group;
- the Group's expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- risks associated with business activities in the PRC, including but not limited to the PRC regulatory environment;
- fluctuation in prices of and the demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC government to manage economic growth;
- the Group's business strategies and plans of operation;
- fluctuations in interest rates and the availability of credit;
- various business opportunities that the Group may pursue;
- natural disasters, industrial action, terrorist attacks and other event beyond the control of the Group; and
- those other risks identified in the "*Risk Factors*" section of the Offering Circular.

The words "believe", "expect", "anticipate", "estimate", "intend", "plan", "seek" and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategies, operating income, profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, the Group or the LC Bank discussed in the Offering Circular regarding matters that are not historical fact. Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove correct. The Group undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "*Risk Factors*" and elsewhere in the Offering Circular, the forward-looking statements in the Offering Circular are not and should not be construed as assurances of future performance and the Issuer's, the Guarantor's and the Group's actual results could differ materially from those anticipated in those forward-looking statements.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in the Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in the Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read the Offering Circular in its entirety.

OVERVIEW

The Group is an investment and financing platform of the Zhenjiang Municipal Government that is tasked on an exclusive basis to undertake infrastructure construction and real estate development in the Zhenjiang New Zone and is wholly-owned by Zhenjiang SASAC. Established in 1993, the Group is one of the four infrastructure construction platforms controlled by Zhenjiang SASAC and is designated to carry out the Zhenjiang Municipal Government's blueprint for infrastructure construction and municipal development in the Zhenjiang New Zone. Leveraging strong government support and a diversified business model, the Group has achieved continuous growth in its assets base, recorded strong operating performance over the past few years and played an important role in the urbanisation of Zhenjiang, particularly the Zhenjiang New Zone.

The Group focuses primarily on its infrastructure construction and real estate development businesses but over the years, has developed a wide-ranging business portfolio. The Group's operations and investments are managed and can be classified into four main segments, namely (i) infrastructure construction; (ii) real estate development; (iii) other principal businesses; and (iv) others:

- **Infrastructure Construction.** The Group is the largest and primary entity carrying out infrastructure construction in the Zhenjiang New Zone. The Group is engaged by Zhenjiang SASAC and the Zhenjiang New Zone Management Committee to undertake infrastructure construction projects within the Zhenjiang New Zone, such as construction of roads, standard form factory buildings and other public facilities. In recent years, the Group had completed numerous large-scale infrastructure construction projects, such as Zhenda Road Widening, Modification and Drainage System Construction Project (鎮大公路拓寬改造及排水工程), Wufengshan Road Construction Project (五峰山路道路工程) and Gangnan Road Widening and Modification Project (港南路拓寬改造). As at 31 December 2020, the Group had 16 completed projects without receiving full repurchase amount and another 21 projects under construction (with estimated total investment of RMB891.1 million). For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's infrastructure construction business was RMB527.8 million, RMB1,673.8 million and RMB1,174.4 million, respectively, representing 6.0 per cent., 17.5 per cent. and 12.7 per cent. of the Group's total operating revenue for the same periods.

- **Real Estate Development.** The Group engages in the development of affordable housing (保障性住房), commodity housing (商品房) and commercial real estate (商業地產). The Group has undertaken the construction and development of affordable housing, including relocation housing (拆遷安置房), public-rental housing (公租房) and subsidised housing (經濟適用房), and the redevelopment of shanty areas (棚戶區改造) in Zhenjiang since 2006. The Group is appointed by the Zhenjiang New Zone Management Committee as the entity responsible for the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. During the three years ended 31 December 2020, the Group had completed three affordable housing projects and three commodity housing and commercial real estate development projects. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's real estate development business was RMB2,231.2 million, RMB1,564.2 million and RMB1,074.0 million, respectively, representing 25.2 per cent., 16.3 per cent. and 11.6 per cent. of the Group's total operating revenue for the same periods.

- **Other Principal Businesses.** To better fulfil its role in the continuous economic development and urbanisation of the Zhenjiang New Zone and to ensure sustainable growth of its own operations, the Group has, on the solid foundation of its two core businesses, expanded its portfolio to encompass a broad spectrum of complementary and supplementary business activities, including trading, investment properties, financial services and manufacturing.

- *Trading.* The Group conducts domestic trading of various products, including bulk building materials, agricultural products and chemical products. In 2019, it further expanded the scope of its trading activities and product offerings in a bid to further transform its operations to be more market-oriented. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's trading business was RMB1,337.0 million, RMB2,738.9 million and RMB3,756.7 million, respectively, representing 15.1 per cent., 28.6 per cent. and 40.7 per cent. of the Group's total operating revenue for the same periods.

- *Investment properties.* This business involves the Group's sale of land parcels, recorded as investment properties, to the Zhenjiang New Zone Land Reserve Centre which acquires land reserves from the Group from time to time to meet requirements of the Zhenjiang New Zone's development plans. As at 31 December 2020, the Group possessed 112 land parcels for its investment properties business. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's investment properties business was RMB3,338.1 million, RMB1,935.3 million and RMB1,701.8 million, respectively, representing 37.7 per cent., 20.2 per cent. and 18.4 per cent. of the Group's total operating revenue for the same periods.

- *Financial service*[1]*.* The Group's financial services business comprises the provision of three principal types of services: (i) guarantees; (ii) financial leasing; and (iii) micro-financing. The Group provides guarantees for manufacturing enterprises in the Zhenjiang New Zone, whereas customers of its financial leasing services which include both direct leasing and sale and leaseback services are mainly commercial services providers in Zhenjiang. Its micro-financing services, on the other hand, are primarily provided to small and micro agricultural enterprises and farmers in the Zhenjiang New Zone. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's financial services business was RMB571.4 million, RMB786.8 million and RMB830.7 million, respectively, representing 6.4 per cent., 8.2 per cent. and 9.0 per cent. of the Group's total operating revenue for the same periods.

- *Manufacturing.* The Group is primarily engaged in the manufacturing of integrated circuit testing materials. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's manufacturing business was RMB188.9 million, RMB252.1 million and RMB343.2 million, respectively, representing 2.1 per cent., 2.6 per cent. and 3.7 per cent. of the Group's total operating revenue for the same periods.

- **Others.** The Group also conducts other ancillary businesses, including logistics services and property leasing. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's other businesses was RMB671.8 million, RMB632.6 million and RMB352.1 million, respectively, representing 7.6 per cent., 6.6 per cent. and 3.8 per cent. of the Group's total operating revenue for the same periods.

For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue was RMB8,866.3 million, RMB9,583.8 million and RMB9,232.9 million, respectively, and its total gross profit was RMB2,248.2 million, RMB2,042.9 million and RMB1,854.8 million, respectively. As at 31 December 2020, the Group had total assets of RMB153,147.6 million.

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[1] This segment represents the Group's business segment described as "similar financial business (petty loan, finance lease, guarantee, etc)" in the Audited Financial Statements, which are included elsewhere in this Offering Circular. See Note V.30 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements.

COMPETITIVE STRENGTHS

The Group believes that the competitive strengths outlined below are important to its continued success and future development:

- Sole investment and financing platform of the Zhenjiang Municipal Government focusing on infrastructure construction and municipal development within the Zhenjiang New Zone
- Strong support from the Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee
- Diversified business portfolio with synergies across all segments and operations
- Ample capital resources from diversified financing channels
- Experienced management team with sound corporate governance

BUSINESS STRATEGIES

The Group aims to maintain its key role and importance in the Zhenjiang Municipal Government's overall blueprint for urban planning, municipal construction and rural development. The Group's goal is to grow its assets base, optimise its capital structure and enhance its operational efficiency. To achieve such objectives, the Group intends to focus on the following business strategies:

- Leverage the national strategy relating to the integration of the Yangtze River Delta cities to further promote the development and construction of Zhenjiang
- Continue to actively focus on infrastructure construction in the Zhenjiang New Zone
- Continue to undertake affordable housing projects in the Zhenjiang New Zone
- Continue to diversify the Group's businesses and to increase investment in businesses that synergise with the Group's core business
- Adhere to prudent risk management system and strict risk control measures
- Continue to develop diversified financing channels

RECENT DEVELOPMENTS

Additional Indebtedness since 31 December 2020

Since 31 December 2020, the Group has entered into additional financing arrangements and incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes.

In January 2021, the Guarantor issued RMB580 million in aggregate principal amount of 5.7 per cent. debt financing plan with a maturity of 5 years and RMB500 million in aggregate principal amount of 6.7 per cent. commercial paper with a maturity of one year.

In February 2021, the Guarantor issued RMB1,150 million in aggregate principal amount of 7.1 per cent. private placement notes with a maturity of three years.

In March 2021, the Guarantor issued RMB600 million in aggregate principal amount of 5.78 per cent. corporate bonds with a maturity of two years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In March 2021, the Guarantor issued RMB600 million 7.0 per cent. private placement notes with a maturity of two years.

In April 2021, the Guarantor issued RMB500 million in aggregate principal amount of 6.5 per cent. commercial paper with a maturity of one year.

In May 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In May 2021, Zhenjiang New Area Urban Construction Investment Co., Ltd. (鎮江新區城市建設投資有限公司) ("**Zhenjiang New Area Urban Construction**"), a subsidiary of the Guarantor, issued U.S.$50 million in aggregate principal amount of offshore credit enhanced bonds due 2022 with a maturity of less than a year.

In June 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB600 million in aggregate principal amount of 5.37 per cent. corporate bonds with a maturity of five years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In July 2021, the Guarantor issued RMB293 million in aggregate principal amount of 7.5 per cent. corporate bonds with a maturity of three years, and RMB210 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In August 2021, the Guarantor issued RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB1,000 million in aggregate principal amount of 4.2 per cent. private placement notes with a maturity of five years, and RMB200 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In September 2021, the Guarantor issued RMB1,000 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In October 2021, the Guarantor issued RMB231 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years and an option to repurchase at the end of the second year, and RMB379 million in aggregate principal amount of 6.5 per cent. short-term corporate bonds with a maturity of one year.

In December 2021, the Guarantor issued RMB1,850 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB800 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In January 2022, the Guarantor issued RMB900 million in aggregate principal amount of 4.3 per cent. private placement notes with a maturity of four years and an option to repurchase at the end of the second year, RMB250 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB280 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In February 2022, the Guarantor issued RMB620 million in aggregate principal amount of 6.0 per cent. short-term corporate bonds with a maturity of one year.

On 7 April 2022, the Issuer issued U.S.$122 million in aggregate principal amount of 6.50 per cent. guaranteed bonds with a maturity of three years.

In addition, the Guarantor has issued various super-short commercial papers with a maturity of less than a year since 31 December 2020. As at the date of this Offering Circular, the outstanding principal amount of such super-short commercial papers amounted to approximately RMB5,400 million.

In addition, on the date of this Offering Circular, the Issuer priced its U.S.$100 million in aggregate principal amount of 6.50 per cent. guaranteed bonds due 2025 which will be guaranteed by the Guarantor and to be consolidated and form a single series with the U.S.$122 million 6.50 per cent. guaranteed bonds due 2025 issued by the Issuer on 7 April 2022 after fulfilling the conditions set out in its terms and conditions, and is expected to be settled on or about 26 April 2022. On the same day, the Issuer priced its U.S.$44 million in aggregate principal amount of 3.80 per cent. credit enhanced guaranteed bonds due 2025 which will be guaranteed by the Guarantor and with the benefit of an irrevocable standby letter of credit issued by Bank of Jiangsu Co., Ltd. Zhenjiang Branch and is expected to be settled on or about 27 April 2022.

Performance of the Group for the Nine Months Ended 30 September 2021

The Guarantor has prepared and published its unaudited and unreviewed interim financial results as at and for the nine months ended 30 September 2021 in Chinese on the website of the Shanghai Clearing

House at https://www.shclearing.com.cn (the "**2021 Interim Financial Statements**"). However, the 2021 Interim Financial Statements have not been audited nor reviewed and are not subject to an audit or a review by an independent auditor and may be subject to further adjustments. Such financial information 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 or a review. Such unaudited and unreviewed assessment should not be taken as an indication of the Guarantor's or the Group's business, financial condition or results of operation expected for these periods and potential investors should not rely on such interim financial information to evaluate the Guarantor's or the Group's financial condition, results of operation and results for the full year ended 31 December 2021. Such interim results are not necessarily indicative of the Guarantor's or the Group's results to be expected for the full year. The Guarantor's published interim financial results are not incorporated by reference herein and do not constitute part of this Offering Circular. For the avoidance of doubt, the 2021 Interim Financial Statements are not incorporated by reference herein and do not constitute part of this Offering Circular.

See "*Risk Factors — Risks Relating to the Group's Financial Statements — The Group publishes and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*" and "*Risk Factors — Risks to the Group's Financial Statements — No audited consolidated financial information as at or for any period after 31 December 2020 of the Group is currently available*".

None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the sufficiency of the 2021 Interim Financial Statements for an assessment of, and potential purchasers must exercise caution when using such data to evaluate, the Group's financial condition and results of operations.

THE OFFERING

The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in the Conditions shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds".

Issuer	Hanrui Overseas Investment Co., Ltd.
Guarantor	Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司).
LC Bank	China Zheshang Bank Co., Ltd. Nanjing Branch.
Issue	U.S.$120,000,000 3.80 per cent. Credit Enhanced Guaranteed Bonds due 2025.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee.
Issue Price	100.00 per cent.
Form, Specified Denomination and Title	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 27 April 2022 at the rate of 3.80 per cent. per annum, payable semi-annually in arrear in equal instalments on 27 April and 27 October in each year (each an "**Interest Payment Date**") commencing on 27 October 2022.
Issue Date	27 April 2022.
Maturity Date	27 April 2025.
Use of Proceeds	The net proceeds from the offering of the Bonds will be used for refinancing of existing offshore debts. See "*Use of Proceeds*".

Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit issued by the LC Bank in favour of the Trustee, on behalf of itself and the holders of the Bonds. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by the Trustee or on behalf of the Trustee by the Delegate (as defined in Condition 4(b)) to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding an amount that is required to be pre-funded under the Conditions and/or failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) or (ii) an Event of Default (as defined in the Conditions) has occurred and the Trustee has given notice in writing to the Issuer and the Guarantor that the Bonds are immediately due and payable in accordance with Condition 10. Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account. The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or any other transaction document relating to the Bonds shall, to the extent the drawing is paid to or to the order of the Trustee, satisfy the obligations of the Issuer and the Guarantor in respect of such amount payable under the Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or any other transaction document relating to the Bonds. The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not exceed U.S.$123,280,000, which includes an amount representing the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined in Condition 6) in accordance with the Conditions plus all fees, costs, expenses, indemnity payments and all other amounts which may be incurred by or payable by the Issuer and/or the Guarantor under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or any other transaction documents relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and expires at 6:00 p.m. (Hong Kong time) on 27 May 2025.

See "*Terms and Conditions of the Bonds — Standby Letter of Credit and Pre-funding — Standby Letter of Credit*" and "*Appendix I — Form of Irrevocable Standby Letter of Credit*".

Pre-funding . . . . In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (London time) on the Business Day falling 10 Business Days (the "**Pre-funding Date**") prior to the due date for such payment under the Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (x) a Payment and Solvency Certificate signed by any Authorised Signatory (as defined in the Trust Deed) of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall (1) send the notice (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and (2) by no later than 5:00 p.m. (London time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank (which will be presented by the Trustee or on behalf the Trustee by The Bank of New York Mellon, Hong Kong Branch acting as the Trustee's delegate in relation to the Standby Letter of Credit (the "**Delegate**")) for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer and/or the Guarantor under or in connection with the Bonds, the Deed of Guarantee, the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds, provided that in accordance with the Standby Letter of Credit, the Trustee or the Delegate need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (provided that in the event that the SWIFT system is not available for any reason, the Trustee or the Delegate may instead present a Demand via facsimile transmission). Following receipt by the LC Bank of such Demand by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after such Business Day (or, if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, by 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day), pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account.

"**Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in London, Hong Kong, Beijing and New York City.

See "*Terms and Conditions of the Bonds — Standby Letter of Credit and Pre-funding — Pre-funding*" and "*Appendix I — Form of Irrevocable Standby Letter of Credit*".

Status of the Bonds . . . . The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Events of Default	Upon the occurrence of certain events described under Condition 10, the Trustee at its discretion may, and if requested by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer declaring that the Bonds are due and payable. Upon any such notice being given to the Issuer the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest. See "*Terms and Conditions of the Bonds — Events of Default*".
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, 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 within the British Virgin Islands or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 9. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the rate applicable on 22 April 2022 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within the British Virgin Islands, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions. See "*Terms and Conditions of the Bonds — Taxation*".
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Tax Reasons . . .	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued to, but excluding, the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 22 April 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*".
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, together with accrued interest to but excluding such Put Settlement Date. A "**Change of Control**" occurs when: (i) (x) the Zhenjiang SASAC, and (y) any other person directly or indirectly controlled by the central government of the PRC, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or (ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer. A "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity); and

	"**Zhenjiang SASAC**" means the State-owned Assets Supervision and Administration Commission of Zhenjiang City of the PRC or its successor. See "*Terms and Conditions of the Bonds — Redemption — Redemption for Change of Control*".
Mandatory Redemption upon Pre-funding Failure	The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**") (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, such Put Settlement Date.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and first payment of interest on them and the timing for the making or submission of the NDRC Post-issue Filing, the submission of the Cross-Border Security Registration and the giving of consequent notices thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in the Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to Condition 16. However, such further bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank. See "*Terms and Conditions of the Bonds — Further Issues*".
Clearing Systems	The Bonds will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.
Governing Law	English law.
Jurisdiction	The courts of Hong Kong are to have exclusive jurisdiction.
Trustee	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent . . .	The Bank of New York Mellon SA/NV, Dublin Branch.

Principal Paying Agent	The Bank of New York Mellon, London Branch.
LC Proceeds Account Bank and Pre-funding Account Bank . . .	The Bank of New York Mellon, London Branch.
Listing	Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Guarantor, the Group or the quality of disclosure in this Offering Circular. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.
Selling Restrictions	The Bonds and the Guarantee have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Legal Entity Identifier	30030011LD4AQF0EGC48.
ISIN	XS2471231998.
Common Code	247123199.

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "Terms and Conditions of the Bonds", the Trust Deed, the Agency Agreement and the Standby Letter of Credit. Words and expressions defined in the "Terms and Conditions of the Bonds" shall have the same meaning in this summary.

T-10 Business Days
Pre-funding Date

- Issuer to unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account
- Issuer to deliver to the Trustee and the Principal Paying Agent the Required Confirmations[1]

T-9 Business Days

- In the event that the Issuer has paid the Relevant Amount into the Pre-funding Account by 10:00 a.m. (London time) on the Pre-funding Date, **on or before 10:00 am. (London time)** on the Business Day immediately following the date of receipt of the Relevant Amount into the Pre-funding Account, the Pre-funding Account Bank confirms the receipt of the Relevant Amount to each of the Trustee and the Principal Paying Agent[2]

  OR

- In the event that the Pre-funding Account Bank does not receive the Relevant Amount, the Pre-funding Account Bank informs each of the Trustee and the Principal Paying Agent of such non-receipt **no later than 10:00 a.m. (London time)** on the Business Day immediately following the Pre-funding Date[2]

T-8 Business Days

- If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations, in each ease by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date, the Trustee shall (i) send the notice to the Bondholders of the Prefunding Failure and the mandatory redemption of the Bonds and in (ii) **by 5:00 p.m. (London time)** issue a Demand to the LC Bank for the principal amount in respect of all the Bonds then outstanding[3], together with interest accrued to, but excluding, the Mandatory Redemption Date and all fees, costs, expenses, indemnity payments and all other amounts under or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement and/or any other transaction documents relating to the Bonds

T-4/T-3 Business Days
SBLC Transfer Date

- **By 10:00 a.m. (Hong Kong time)**, the LC Bank pays to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account (i) on the fourth Business Day after the Business Day on which the Demand is received if the LC Bank has received such Demand by 6:00 p.m. (Hong Kong time) or (ii) on the fifth Business Day after the Business Day on which the Demand is received if the LC Bank has received such Demand after 6:00 p.m. (Hong Kong time).
- The LC Proceed Account Bank notifies the Trustee of the amount standing to the credit of the LC Proceeds Account and confirms to the Principal Paying Agent that the proceeds of the Demand received from the LC Bank will be paid to the Principal Paying Agent.

T-1 Business Day
Payment to Principal Paying Agent

- In the event the Relevant Amount has been paid into the Pre-funding Account in full and the Trustee receives the Required Confirmations[1] by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date, the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent **by 10:00 a.m. (London time)**

  OR

- **By 10:00 a.m. (London time)**, the LC Proceeds Account Bank to pay to the Principal Paying Agent the proceeds of the Demand

T Bond Payment Date

- Principal Paying Agent to pay funds into Euroclear/Clearstream for same day value on T for the benefit of the Bondholders
- If amounts have been drawn under the Standby Letter of Credit, the Bonds will be mandatorily redeemed at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date

Notes:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer; and (b) a copy of the irrevocable payment instruction setting forth the request from the Issuer to the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment.

(2) The confirmation of receipt or notification of non-receipt, as the case may be, from the Pre-funding Account Bank to the Trustee and the Principal Paying Agent shall be by way of communication as the Principal Paying Agent may agree with the Pre-funding Account Bank.

(3) The Trustee or the Delegate need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT (provided that in the event that the SWIFT system is not available for any reason, the Trustee or the Delegate may instead present a Demand via facsimile transmission to the LC Bank).

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2019 and 2020 as set forth below has been extracted from the 2020 Audited Financial Statements, which are included elsewhere in this Offering Circular. The summary consolidated financial information of the Guarantor as at and for the year ended 31 December 2018 as set out below has been extracted from the 2019 Audited Financial Statements, which are included elsewhere in this Offering Circular. See "Presentation of Financial Information". The Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Suya Jincheng in accordance with China Standards on Auditing for Certified Public Accountants. PRC GAAP differs in certain material respects from IFRS. See "Summary of Certain Differences Between PRC GAAP and IFRS".

The Audited Financial Statements have been prepared in Chinese only and the Financial Statements Translation has been prepared and included elsewhere in this Offering Circular for reference only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited financial statements and/or unaudited but reviewed financial statements, and is qualified in its entirety by, and is subject to the financial information set out or referred to in, the Chinese Financial Statements. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified or checked the accuracy of the Financial Statements Translation and gives no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. Potential investors must exercise caution when they use such financial information to evaluate the Group's financial condition and results of operations.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant Audited Financial Statements, including the notes thereto, included elsewhere in this Offering Circular.

Summary Consolidated Income Statement Data

	Year ended 31 December		
	2018	2019	2020
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Operating revenue	**8,866,295**	**9,583,768**	**9,232,891**
Less: Operating cost	6,618,093	7,540,851	7,378,085
Taxes and surcharges	569,830	283,015	435,154
Selling and distribution expenses	57,523	95,855	52,601
General and administrative expenses	247,479	238,752	229,375
Research and development expenses	39,710	35,326	35,138
Financial expenses	1,131,959	1,355,687	1,941,101
Including: Interest expenses	5,041,035	6,499,176	7,317,130
Interest income	4,169,709	5,456,378	5,579,591
Add: Other income	291,965	492,829	509,952
Investment gains	358,151	682,983	548,203
Including: Income from investment in associates and joint ventures	(57,930)	(13,379)	(31,821)
Gains from changes in fair value	(132,659)	(487,773)	240,761
Losses from asset impairment	(474,486)	(493,166)	(79,759)
Gains from asset disposal	3,374	(2,027)	14,100
Operating profit	**248,046**	**227,128**	**394,695**
Add: Non-operating income	4,050	8,352	3,652
Less: Non-operating expenses	(14,258)	(9,257)	(39,434)
Profit before tax	**237,838**	**226,222**	**358,912**
Less: Income tax expenses	(124,345)	(37,365)	(188,459)
Net Profit	**113,493**	**188,857**	**170,453**
Net profit after tax attributable to owners of the parent company	273,199	304,051	85,682
Non-controlling interests	(159,706)	(115,194)	84,771
Other comprehensive income after tax	**(1,082,438)**	**(332,947)**	**143,063**
Total comprehensive income	**(968,945)**	**(144,089)**	**313,516**
Total comprehensive income attributable to owners of the parent company	(734,058)	6,619	206,584
Non-controlling interests	(234,886)	(150,708)	106,932

Summary Consolidated Statement of Financial Position Data

	As at 31 December		
	2018	2019	2020
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Assets:			
Current assets:			
Cash at bank and on hand	11,991,287	11,564,994	11,801,498
Notes receivable	33,841	143,273	87,752
Accounts receivable	25,325,321	22,782,059	22,426,727
Prepayment	526,178	394,168	492,047
Other receivables	38,892,339	43,574,413	46,989,069
Inventories	5,535,199	3,391,130	3,837,851
Assets held for sale	–	512,258	–
Non-current assets maturing within one year	9,668,314	4,221,651	5,803,134
Other current assets	3,878,916	4,955,979	5,541,702
Sub-total of current assets	**95,851,395**	**91,539,925**	**96,979,780**
Non-current assets:			
Available-for-sale financial assets	4,804,083	5,293,704	5,155,464
Long-term accounts receivable	4,543,957	2,915,070	2,574,413
Long-term equity investments	632,270	438,094	439,453
Investment properties	27,426,465	25,309,141	24,513,763
Fixed assets	1,791,724	988,553	1,298,584
Constructions in progress	276,339	111,302	154,971
Intangible assets	256,021	125,356	124,027
Goodwill	326,749	81,968	81,968
Long-term deferred expenses	340,714	227,291	229,911
Deferred income tax assets	123,310	148,622	174,471
Other non-current assets	14,191,658	23,319,617	21,420,836
Sub-total of non-current assets	**54,713,290**	**58,958,719**	**56,167,862**
Total of assets	**150,564,685**	**150,498,644**	**153,147,642**
Current liabilities:			
Short-term loans	8,716,432	8,974,890	6,911,556
Notes payable	1,922,172	1,344,351	1,542,116
Accounts payable	4,190,019	3,319,558	2,889,465
Advances from customers	2,158,264	2,209,114	1,198,363
Employee benefits payable	33,651	38,796	66,387
Taxes and surcharges payable	486,589	506,425	415,315
Others payable	8,529,493	6,674,641	6,914,789
Non-current liabilities maturing within one year	25,142,777	16,987,854	20,447,599
Other current liabilities	5,101,650	3,423,372	10,123,610
Sub-total of current liabilities	**56,281,047**	**43,479,001**	**50,509,199**

	As at 31 December		
	2018	**2019**	**2020**
	(RMB'000) **(audited)**	**(RMB'000)** **(audited)**	**(RMB'000)** **(audited)**
Non-current liabilities			
Long-term loans	16,278,958	23,891,959	19,397,508
Bonds payable	9,815,069	16,482,956	14,612,276
Long-term accounts payables	9,836,515	7,606,510	8,730,747
Provisions	109,561	128,914	159,304
Deferred income	816,751	988,887	1,080,817
Deferred income tax liabilities	1,720,169	1,528,931	1,536,851
Other non-current liabilities	677,278	245,310	64,238
Sub-total of non-current liabilities	**39,254,300**	**50,873,466**	**45,581,741**
Sub-total of liabilities	**95,535,347**	**94,352,467**	**96,090,940**
Owners' equity			
Paid-in capital	5,000,000	5,500,000	5,500,000
Capital reserves	32,659,871	32,476,637	33,195,587
Other comprehensive income	4,016,552	3,719,120	3,840,022
Special reserves	–	2	4
Surplus reserves	142,762	166,357	186,542
Undistributed profits	2,046,619	2,217,076	2,177,898
Total equity attributable to the parent company	43,865,804	44,079,191	44,900,052
Non-controlling interests	11,163,534	12,066,986	12,156,650
Sub-total of owners' equity	**55,029,338**	**56,146,178**	**57,056,702**
Total of liabilities and owner's equity	**150,564,685**	**150,498,644**	**153,147,642**

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December		
	2018	**2019**	**2020**
	(RMB'000) **(audited)**	**(RMB'000)** **(audited)**	**(RMB'000)** **(audited)**
Net cash flows from operating activities	5,399,343	4,769,958	4,707,477
Net cash flows from investing activities	2,519,407	(3,829,388)	345,069
Net cash flows from financing activities	(11,520,097)	(1,535,656)	(5,646,519)
Effect of foreign exchange rate changes on cash	(1,048)	1,445	60,835
Net increase in cash and cash equivalents	(3,602,395)	(593,641)	(533,138)
Add: opening balance of cash and cash equivalents	6,692,714	3,090,319	2,496,678
Ending balance of cash equivalents	3,090,319	2,496,678	1,963,540

Other Financial Data

	Year ended 31 December		
	2018	**2019**	**2020**
	(unaudited)	**(unaudited)**	**(unaudited)**
EBITDA(1) *(RMB in millions)*	1,607	1,900	2,458
EBITDA/Financial expenses	1.4	1.4	1.3
Debt asset ratio(2) *(per cent.)*	63.5	62.7	62.7
Debt equity ratio(3)(4) *(per cent.)*	113.7	120.3	123.6

Notes:

(1) The Guarantor calculates EBITDA for any year or period as profit before tax for the year or the period plus financial expenses, depreciation of fixed assets, amortisation of intangible assets and amortisation of long-term assets. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because the Guarantor believes that it is a useful supplement to cash flow data as a measure of the Guarantor's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) Total liabilities divided by total assets and expressed as a percentage.

(3) Total indebtedness divided by owner's equity and expressed as a percentage.

(4) Total indebtedness means the aggregate of short-term loans, non-current liabilities maturing within one year (excluding long-term accounts payable maturing within one year and other non-current liabilities maturing within one year), short-term bonds recognised under other current liabilities, long-term loans and bonds payable for that financial year. See "*Capitalisation and Indebtedness*".

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in the Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or the Guarantor or that it currently deems immaterial may also adversely affect the Group's business, financial condition or results of operations or the value of the Bonds. The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer and the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds or the Guarantee may occur for reasons which may not be considered as significant risks by the Issuer or the Guarantor based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and the Issuer or the Guarantor is not in a position to express a view on the likelihood of any such contingency occurring. The Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Offering Circular.

Neither the Issuer nor the Guarantor represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S GENERAL OPERATIONS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Zhenjiang and the Zhenjiang New Zone and policies of relevant local governments.

Although the Group has expanded its trading business across China, the Group, as an investment and financing platform of the Zhenjiang Municipal Government that is tasked on an exclusive basis to undertake infrastructure construction and real estate development in the Zhenjiang New Zone, is focused on infrastructure construction and real estate development in the Zhenjiang New Zone. Accordingly, the Group's business is therefore heavily affected by the economic development of the Zhenjiang New Zone and Zhenjiang in Jiangsu Province. The Zhenjiang Municipal Government's policies regarding infrastructure construction and municipal development, particularly those concerning the Zhenjiang New Zone, which have given rise to unique business opportunities for the Group, also have a major impact on the Group's business and growth prospects.

A key factor affecting the development of the Zhenjiang New Zone is the economic environment and conditions in Zhenjiang. Zhenjiang has experienced a prolonged period of economic growth in recent years. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang's GRP increased from RMB127.0 billion in 2007 to RMB422.0 billion in 2020, to which the Zhenjiang New Zone contributed RMB68.4 billion, accounting for 16.2 per cent. of such total GRP. However, the annual growth rate of Zhenjiang's GDP slowed down from 13.3 per cent. in 2010 to 3.5 per cent. in 2020. There can be no assurance that the level of economic development in Zhenjiang will continue to be maintained at historical growth rates, if at all, and it is unclear how economic conditions in Zhenjiang will be affected by a perceivable slowdown in the growth of the PRC economy. If Zhenjiang's economic development experiences a slowdown or stagnates, the Zhenjiang Municipal Government's development plan for the Zhenjiang New Zone may be negatively impacted, thereby resulting in an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Zhenjiang New Zone's development and growth potential are also affected by the Zhenjiang Municipal Government's policies and priorities relating to urban development. During the past several years, the Zhenjiang New Zone experienced significant development in terms of infrastructure and affordable housing, primarily as a result of the Group's business efforts and operations. However, this also signifies that, as the gap is gradually filled, the demand for infrastructure and affordable housing to be constructed within the Zhenjiang New Zone may correspondingly decrease in the future. Since 2009, the Group has been gradually expanding the scope of its infrastructure construction business by taking on commercial construction projects, such as plant and road construction for mining companies, water and electrical system engineering and construction for commercial properties. However, the majority of the operating revenue of the Group's infrastructure construction business is still generated from public-funded infrastructure construction projects and there can be no assurance that the decline in operating revenue experienced by this business segment in the past few years will be reversed, whether in part or at all. If the Group's expansion into commercial construction business is not able to grow as expected, and the decrease in demand for public-funded infrastructure construction projects within the Zhenjiang New Zone manifests, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC regulations on the administration of local governments restrict the Group's financing model.

The PRC government has in recent years issued multiple regulations intended to restrict local governments from using state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include 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) released by the State Council in September 2014 ("**Circular 43**"), 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) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, CBRC and the China Securities Regulatory Commission ("**CSRC**") in April 2017 ("**Circular 50**"), the Notice of the MOF on Issues concerning Regulations on the Financing Activities Conducted by Financial Institutions 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) issued by the MOF in March 2018 ("**Circular 23**"), the Circular of the NDRC and the MOF on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (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) jointly issued by the NDRC and the MOF in May 2018 ("**Circular 706**"), the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》) jointly issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on 13 September 2018 (the "**Joint Opinion**") and the Circular of the General Office of the NDRC on the Relevant Requirements for Record-filing and Registration of Issuances of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) ("**Circular 666**") issued by the General Office of the NDRC on 6 June 2019. (Circular 43, Circular 50, Circular 23, Circular 706 and, Joint Opinion and Circular 666, together, the "**Debt Control Circulars**").

Circular 50 reaffirmed Circular 43 policy that local governments are not permitted to use any means other than local government bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 23 and Circular 706 established policies for foreign debt issuance including prohibitions on enterprises from listing public assets as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf. Circular 666 aims to strengthen the management of local government debt and avoid or mitigate risks relating to medium and long-term foreign debt as well as hidden debt of local governments. Circular 666 expressly restricts the use of proceeds of foreign debt securities issued by state-owned enterprises which undertake local government financing functions to the repayment of medium and long-term offshore debt due within the impending one year. For further details on the Debt Control Circulars, see "*PRC Regulations — Regulations on Fiscal Debts of Local Governments*".

In 2015, the MOF rolled out a nationwide debt swap programme (the "**Debt Swap Programme**") under which local governments were permitted to exchange bank loans of their financing platforms incurred for funding the developing of government projects and other public interest projects with long-term and low-interest government bonds they issued within the quota allocated by the MOF. As at 31 December 2020, the Group had total indebtedness (comprising short-term loans, non-current liabilities maturing within one year (excluding long-term accounts payable maturing within one year and other non-current liabilities maturing within one year), short-term bonds recognised under other current liabilities, long-term loans and bonds payable) of RMB70,538.9 million.

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Zhenjiang Municipal Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer, failing which, the Guarantor, and the obligations of the Issuer and the Guarantor under the Bonds or the Trust Deed (as defined in the Conditions) shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. The liability of Zhenjiang SASAC is limited to its equity contribution in the Guarantor. If the Issuer or the Guarantor does not fulfil its obligations under the Bonds or the Trust Deed, the Bondholders will only have recourse against the Issuer and/or the Guarantor, and not the Zhenjiang Municipal Government, Zhenjiang SASAC or any other PRC governmental entity.

While the Group believes that it does not have any assets that qualify as public assets under Circular 706 and intends to ensure that the issue of the Bonds does not conflict with or result in a breach or violation of the Debt Control Circulars, the PRC government may continue to release new policies or amend existing regulations intended to control increases in local government debts in China. The Group may be required to further change its financing model and business model in response to such regulations, which may have a material impact on its business, financial condition, results of operations and prospects.

The ownership and control of the Group by the PRC government does not provide assurance as to the Group's financial condition.

Although the Guarantor is a state-owned enterprise, the ownership and control of the Group by the PRC government (including the Zhenjiang Municipal Government and other state-owned entities) does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer, the Guarantor or the Group. Therefore, a potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate the risks before making an investment decision.

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

The Group's business requires substantial capital expenditure. As at 31 December 2020, total investment required to complete the Group's infrastructure construction projects currently under construction was approximately RMB556.9 million and total estimated investment for the Group's pipeline infrastructure construction projects was approximately RMB289 million. As at the same date, total investment for the Group's affordable housing projects under construction was approximately RMB1,530 million. The Group has historically satisfied its capital requirements using a combination of cash flows generated from its operating activities, bank loans, loans from trust companies and other borrowings, funds raised in the capital markets and subsidies from the Zhenjiang Municipal Government. The Group will continue to require additional capital resources to carry out its municipal construction projects.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, the local government's plan in project buybacks and granting government funds, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any material changes in these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in the buyback payment by the government and the government funding and cost overruns inherent may also cause such shortfall. There can be no assurance that the Group's operations are able to generate sufficient cash to satisfy its cash need at all times, if at all. See "— *The Group has historically experienced volatile and negative net investing cash flows*".

In addition, a portion of the capital demand of the Group is satisfied with funding provided by the Zhenjiang New Zone Management Committee. In determining whether funds will be allocated, the Zhenjiang New Zone Management Committee generally considers such factors as the number of completed and ongoing construction projects and the scale and payment arrangements of the projects.

Funds for each project are included in the Zhenjiang New Zone Management Committee's preparation and review of the annual budget and will be allocated according to the construction progress and funding needs of each project. However, there can be no assurance that the Zhenjiang New Zone Management Committee will allocate to the Group sufficient funding for the construction of the projects, if at all. See "*— The Group may cease to enjoy government subsidies and grants, the loss of which, or a reduction in which, could substantially reduce the Group's profits*".

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2020, the Group's total indebtedness (comprising short-term loans, non-current liabilities maturing within one year (excluding long-term accounts payable maturing within one year and other non-current liabilities maturing within one year), short-term bonds recognised under other current liabilities, long-term loans and bonds payable) was RMB70,538.9 million. See "*— Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*". The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there can be no guarantee that the Group will be able to procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. In these cases, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects. As at 31 December 2020, the Group had credit facilities in a total amount of approximately RMB38,048.2 million, of which approximately RMB12,038.4 million had not been utilised, which accounted for 31.6 per cent. of the total amount of credit facilities. If the Group could not obtain additional credit facilities or there are large capital requirements, the Group would face great capital pressure, which could have a material and adverse impact on its business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

The Guarantor is wholly and beneficially owned by the Zhenjiang Municipal Government and is under the direct administration of Zhenjiang SASAC which acts on behalf of the Zhenjiang Municipal Government. The Zhenjiang Municipal Government has appointed Zhenjiang SASAC to act as its nominee in carrying out its function as the sole shareholder. A majority of the Group's business activities are conducted with the Zhenjiang New Zone Management Committee. A significant portion of the Group's operating revenue is generated from the construction fee payable by the Zhenjiang New Zone Management Committee relating to the Group's infrastructure and affordable housing construction projects. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies, such as the Zhenjiang New Zone Management Committee.

The Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee may (i) have economic or business interests or considerations that are inconsistent with the Group's, (ii) take actions contrary to the Group's requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to the contractual terms or other matters. Those government authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in the Zhenjiang New Zone for a number of reasons, such as government budgeting.

In addition, the Group mainly contracts with the Zhenjiang New Zone Management Committee to develop a large number of infrastructure construction projects in the Zhenjiang New Zone. Those projects are capital intensive and involve many risks arising from budget overruns. The local government's ability to meet its payment obligations in infrastructure construction projects largely depends on its fiscal revenue, policies and regulations promulgated by the governments or authorities of higher levels and many other factors which are generally beyond the Group's control.

Any failure by the Zhenjiang New Zone Management Committee to fulfil its contractual obligations or any adverse change to the policies or business plans may require the Group to adjust its development plans and thus adversely affect its operating results. If there is any material disagreement between the Group and the Zhenjiang Municipal Government or the Zhenjiang New Zone Management Committee, there can be no assurance that the Group will successfully resolve such disagreement in a timely manner, or at all. Any dispute or legal proceeding with or against the Zhenjiang Municipal Government or the Zhenjiang New Zone Management Committee may last for a long period of time and cost considerable financial and managerial resources. Any of these may materially and adversely affect the business relationships between the Group and the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Zhenjiang Municipal Government and Zhenjiang SASAC can exert significant influence on the Group, and as a result, the Group may not be able to always make decisions, take actions or invest or operate in businesses or projects that are in its best interests.

As at the date of this Offering Circular, the Guarantor is wholly and beneficially owned by the Zhenjiang Municipal Government and is under the direct administration of Zhenjiang SASAC. The Zhenjiang Municipal Government, as the Guarantor's controlling shareholder, and Zhenjiang SASAC, as the direct administrator of the Guarantor, have significant influence on the Group as they do with respect to many other local state-owned enterprises under their control, including the scope of its business, major investment decisions, development strategies, appointment of directors and certain senior management positions. Accordingly, Zhenjiang SASAC and through it, the Zhenjiang Municipal Government, can exert significant influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy.

When each of Zhenjiang SASAC and the Zhenjiang Municipal Government carries out its administrative function and implements the PRC government's policies, there can be no assurance that Zhenjiang SASAC and the Zhenjiang Municipal Government would always take actions that are in the best commercial interests of the Group or that aim to maximise their profit. Each of Zhenjiang SASAC and the Zhenjiang Municipal Government may use its ability to influence the business and strategy of the Group in a manner which may not necessarily be in the best interests of the Group. Each of Zhenjiang SASAC and the Zhenjiang Municipal Government may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as its projections of population and employment growth in Zhenjiang and any such change may have a material effect on the business and prospects the Group. Any amendment, modification or repeal of existing policies of Zhenjiang SASAC and the Zhenjiang Municipal Government could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the financial condition and results of operations of the Group.

The Group has historically experienced volatile and negative net investing cash flows.

The Group had negative net operating and investing cash flows in the past. The Group's volatile and negative operating cash flow was largely attributable to the long project cycle and substantial capital expenditures of the Group's construction projects and a mismatch between the development timetable which determines its expenditures and the buyback timetable which determines its operating revenue derived from the relevant projects. For the year ended 31 December 2019, the Group's net investing cash outflows amounted to approximately RMB3,829.4 million, which was largely attributable to the cash outflow from investing activities for the year ended 31 December 2019 being greater than the cash inflow from investing activities during the same period. The greater cash outflow from investing activities was primarily due to more cash paid for investments. Although a number of new infrastructure construction and affordable housing projects undertaken by the Group were launched within the Zhenjiang New Zone in recent years, the Group will only start receiving buyback payments from the local government upon the completion of the relevant project and such payment will be made in instalments during the period of up to five years after project completion. As the Group anticipates continued expansion of its business as a result of the "Belt and Road" initiative, it expects to continue to incur significant capital expenditures in the future. There can be no assurance that its negative operating cash flow will be resolved soon, if at all. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, which may increase its financial vulnerability and may adversely affect its financial condition and results of operations. For the year ended 31 December 2020, the Group's net operating cash flows and net investing cash flows amounted to approximately RMB4,707.48 million and RMB345.07 million, respectively. Although the Group previously recorded positive net operating cash flows from operating activities and positive net cash flows from investing activities, there can be no assurance that the Group will not have negative net operating and/or investment cash flows in the future nor that the Group's operating and/or investing activities will be able to generate sufficient cash to satisfy its cash requirements.

The Group has historically experienced fluctuations in its operating profit.

For the year ended 31 December 2020, the Group's operating profit was approximately RMB394.7 million, as compared to RMB227.1 million for the year ended 31 December 2019. The increase in the Group's operating profit during the year ended 31 December 2020 was largely attributable to an increase in gains from changes in fair value. For the year ended 31 December 2019, the Group's operating profit was RMB227.1 million as compared to RMB248.0 million for the year ended 31 December 2018. The decrease in the Group's operating profit was largely attributable to an increase in operating cost, an increase in selling and distribution expenses, an increase in financial expenses, in particular, interest expenses, a decrease in fair value of the Group's investment properties, and an increase of losses incurred from asset impairment. Given the nature of these items and their sensitivity to market changes, there is inherent uncertainty as to whether and the extent of impairment losses the Group may incur or how the fair value of the Group's investment properties will be measured in the future. Further increase of impairment losses or decreases in fair value of the Group's investment properties may materially and adversely affect the Group's profit and profitability, and in turn have an adverse impact on the Group's liquidity and business.

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

The Group relies on bank loans, loans from trust companies, loans from asset management firms, finance leases and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness (comprising short-term loans, non-current liabilities maturing within one year (excluding long-term accounts payable maturing within one year and other non-current liabilities maturing within one year), short-term bonds recognised under other current liabilities, long-term loans and bonds payable) was RMB70,538.9 million, of which RMB36,529.1 million would become due within 12 months (which accounted for 51.8 per cent. of the Group's total indebtedness). The Group's unrestricted cash as at 31 December 2020 was RMB1,963.5 million, which was substantially below its total current indebtedness.

In addition, a large portion of the Group's borrowings constitutes loans from trust companies. As at 31 December 2020, the Group's outstanding balance of loans from trust companies was approximately RMB11,807.9 million, accounting for approximately 14.9 per cent. of the Group's total indebtedness. The borrowing cost of loans from trust companies is generally higher than bank loans, which significantly increases the Group's financial costs. For the years ended 31 December 2018, 2019 and 2020, interest expenses of the Group amounted to RMB5,041.0 million, RMB6,499.2 million and RMB7,317.1 million, respectively. Any further increase in financial costs may have a material and adverse impact on the Group's profitability, business, financial condition, results of operations and prospects accordingly.

Furthermore, as at 31 December 2020, the Group's total outstanding balance of guarantees provided for third parties was approximately RMB44,490.4 million. Most of the guaranteed companies are other state-owned enterprises in Zhenjiang. If any of the guaranteed companies defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the guarantee to demand repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected. Substantial indebtedness could impact on the Group's businesses in a number of ways, including:

- requiring the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;

- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and

- increasing the Group's vulnerability to adverse general economic and industry conditions.

In addition, in incurring indebtedness and liabilities from time to time, the Group creates security rights such as pledges, charges and mortgages over its assets, including cash at bank and on hand, accounts receivable, inventories, non-current assets maturing within one year, other current assets, available-for-sale financial assets, long-term accounts receivable, investment properties, fixed assets, intangible assets and other non-current assets in favour of certain creditors. As at 31 December 2020, such restricted assets amounted to RMB43,349.9 million, representing 28.3 per cent. of the Group's total assets. For example, the 9,172,662 shares in Jiangsu Dagang Co., Ltd. (江蘇大港股份有限公司) ("**Jiangsu Dagang**") held by the Guarantor, as security of certain debts of Zhenjiang New Area Urban Construction, a subsidiary of the Guarantor, were ordered to subject to judicial freezing for the period from 2 April 2021 to 1 April 2024 as a result of a legal action against Zhenjiang New Area Urban Construction relating to such debts by the relevant secured creditor. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect the Group's operational efficiency. If the Group is unable to service and repay its debts under such loan facilities on a timely basis, it may lose control of the Group's subsidiaries, and the assets mortgaged or charged may be foreclosed, which may adversely affect the Group's business, prospects, financial condition, and results of operations. See "— *Restrictive covenants contained in the bank loans and credit facilities of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations*".

The Group believes that its capital requirements and its reliance on external financing will continue to increase considering its existing cash needs to finance business operations and refinancing of existing indebtedness. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its legal actions against the Group by its creditors, or bankruptcy.

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

Certain financing contracts entered into by any member of the Group contain operational and financial restrictions on the Group or, as the case may be, the relevant subsidiary's business, that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. The ability of the Guarantor or any of its relevant subsidiaries (as borrower or guarantor) to meet such financial ratios may be affected by events beyond its control. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under the Bonds and other debt. As at the date of this Offering Circular, the Guarantor has obtained all the outstanding consents and waivers from the lenders under relevant financing contracts, which are required in connection with the issue of the Bonds and the performance of its obligations in relation thereto. The settlement and issuance of the Bonds are subject to a number of conditions, including such consents and waivers to be obtained by the Guarantor before the Issue Date.

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

As at 31 December 2020, approximately RMB20,519.2 million of the Group's borrowings were secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Guarantor and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such loan facilities may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition.

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

The Group's businesses require a large amount of working capital prior to the completion of the relevant project and the subsequent buyback by the government. As at 31 December 2018, 2019 and 2020, the Group's inventories amounted to RMB5,535.2 million, RMB3,391.1 million and RMB3,837.9 million, respectively, representing 3.7 per cent., 2.3 per cent. and 2.5 per cent. of the Group's total assets. The Group's inventories mainly comprise the construction cost of projects not yet completed, real estate products that have been developed but not yet completed, undeveloped land transferred or sold to it by the Zhenjiang Municipal Government and developed and completed real-estate products. The PRC government may issue more stringent real estate adjusting and controlling policies or there may be changes to land policies that could affect the value and marketability of the land. Nevertheless, in accordance with the Group's accounting policies, the Group has made provisions for falling price for finished goods and developed real-estate products in inventories. There are risks associated with having substantial inventories that are subject to risks of decrease in market prices which could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

As at 31 December 2018, 2019 and 2020, the Group's accounts receivables amounted to RMB25,325.3 million, RMB22,782.1 million and RMB22,426.7 million, respectively, representing 16.8 per cent., 15.1 per cent. and 14.6 per cent. of the Group's total assets. The Group's accounts receivables mainly comprise the outstanding buyback amounts owed by the Zhenjiang New Zone Management Committee to the Group.

As at 31 December 2018, 2019 and 2020, the Group's other receivables amounted to approximately RMB38,892.3 million, RMB43,574.4 million and RMB46,989.1 million, respectively, representing approximately 25.8 per cent., 29.0 per cent. and 30.7 per cent. of the Group's total assets. Most of the Group's other receivables are the funds receivable from the Zhenjiang New Zone Management Committee. Currently, the Chinese property market is, and is expected to continue to be, cyclical as a result of changes in market supply and demands. Given the various measures introduced by the PRC government to curtail property speculation in response to the concerns over overheating of the property market, property enterprises may slow down their acquisition of land use rights, which may in turn result in a decrease in land transfer prices and affect the Zhenjiang New Zone Management Committee's ability to make timely payments.

According to its accounting policies, the Group divides its receivables into aging and other portfolios according to credit risk characteristics, except for those receivables for which the Group makes individual provisions. The Group makes provisions for aging portfolios based on the aging analysis of the receivables but does not make any bad debts provision for other portfolios. There are inherent risks associated with the government and the Group's other customers' ability to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

The Group operates in multiple businesses through a number of subsidiaries and associated companies, and this business structure exposes the Group to challenges not faced by companies with a single or small number of businesses.

The Guarantor has nearly a hundred subsidiaries and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group focuses on its principal businesses, including infrastructure construction and real estate development. However, the Group is also exploring opportunities in other industries, such as manufacturing, logistics and trading, in respect of which it has set up business operations. As such, the Group is exposed to risks associated with a multi-business portfolio.

The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses. In addition, successful operation of the Group's subsidiaries and associated companies requires an effective management system. As the Group continues to grow its businesses, and expand into various industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system.

The Guarantor provides direct funding, guarantees and other support to certain of its subsidiaries and associated companies. For instance, the Guarantor provides shareholder loans to, or acts as a guarantor for the borrowings of, certain subsidiaries and associated companies. If a subsidiary or associated company defaults on any borrowings lent or guaranteed by the Guarantor, the Guarantor will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Guarantor. The occurrence of either of these types of events may result in a funding shortage at the Guarantor level and may materially and adversely affect the Guarantor's ability to provide financial support to its other portfolio companies. If the Guarantor's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant portfolio companies may be materially and adversely affected, which in turn may have a material and adverse impact on the Group's business, financial condition and results of operations.

The Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Group.

Certain business activities of the Group, such as infrastructure construction, affordable housing construction and guarantee services, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different government authorities. For example, the Group needs to obtain approvals from relevant water authorities regarding the construction plans of its water infrastructure projects; the Group needs to have the construction enterprise qualification certificate (建築業企業資質證書) and the real estate development enterprise qualification certificate (房地產開發企業資質證書) in order to engage in real estate development activities; the Group needs to obtain the financing guarantee institution operating licence (融資性擔保機構經營許可證) in order to engage in the provision of guarantees. For each real estate development project, the Group is required to obtain project approval and environmental assessment approval at the outset of the project. As the project progresses, it needs to receive the construction land planning permit (建設用地規劃許可證), the construction project planning permit (建設工程規劃許可證) and the construction permit (建築工程施工許可證) at different stages of development. It takes time to obtain all of these approvals and certificates. Government authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the businesses. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and a failure to obtain the necessary approvals, licences or permits at all may subject the relevant entities to regulatory or administrative penalties. In 2017, the Group paid administrative penalties totalling RMB1.5 million for exceeding the government pre-approved construction area limit in relation to certain of its infrastructure construction projects. In 2018, the Group paid administrative penalties totalling RMB12.5 million for failure to obtain requisite construction permits in relation to certain of its infrastructure construction projects. In 2019, the Group was subject to an administrative penalty for an amount of RMB28,501 in relation to unauthorised land use and was ordered to restore the subject unauthorised used land parcels to their original state. As at the date of this Offering Circular, the Group has obtained the requisite permits, certificates and approvals for certain projects under construction in accordance with their respective construction processes, such as the construction project planning permit and the construction permit. As the projects progress, the Group will apply for other permits, certificates and approvals for these projects, including without limitation, construction project planning permit, environmental assessment and acceptance approval, construction completion certificate, as and when required under the applicable PRC laws. However, there can be no assurance that such certificates, permits and approvals will be obtained in a timely manner, or at all. If the Group loses the right to any of its lands or buildings due to such lack of permits, certificates and approvals, its use of such lands or buildings may be limited, or it may be subject to administrative penalties, which may negatively impact its business operation and financial condition.

Government authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, government authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by government authorities, the Group's permits, licences, certificates and government authorisations may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

The Group may cease to enjoy government subsidies and grants, the loss of which, or a reduction in which, could substantially reduce the Group's profits.

The Group regularly receives financial support and certain preferential treatments from the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee in various forms, such as government subsidies and grants and capital injections. Such continuous financial support to the Group and timely payment of the promised subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central government. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments, since the relevant government policies may change over time. Furthermore, in the event the Group fails to repay any of its outstanding indebtedness as it matures, each of the Zhenjiang Municipal Government or the Zhenjiang New Zone Management Committee has no obligations to provide any subsidy, grant, capital injection, preferential treatment or any other forms of government support to the Group. Any loss of or reduction in government subsidies and grants or other forms of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

In August 2019, the PBOC adopted measures to increase the influence of the loan prime rate (the "**LPR**") as part of its broader market-based reforms of the PRC's interest rate market. The LPR serves as the benchmark for market interest rates in the PRC. The one-year LPR was 3.85 per cent. in December 2020 and remained at the same level in November 2021, with a decrease to 3.80 per cent. in December 2021. Most of the Group's bank loans bear interests that accrue at rates linked to the LPR. A material fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

As at 31 December 2020, the outstanding balance of the bonds issued by the Group outside mainland China amounted to U.S.$604.0 million. As the Group continues to explore overseas sources of funding to replenish its capital and to refinance its existing overseas debts, such as its outstanding U.S. dollar bonds, it will be exposed to the risks arising from interest rate fluctuation overseas. For example, the Bonds, upon issue, will bear fixed coupon linked to the yield of the U.S. government's treasury bonds with a corresponding maturity. An increase in the Federal Reserve interest rate as a result of policy changes may cause the Bonds to be priced at a higher rate compared to its outstanding U.S. dollar bonds, which may increase the Group's financing costs.

The Group may not successfully implement its growth strategy.

The Group has historically been focused on infrastructure construction and real estate development in the Zhenjiang New Zone. Over the years it has diversified its businesses into trading, manufacturing, logistics and other business. The Group continues to develop these new businesses while maintaining sustainable growth of its core businesses as one of its future strategies. Whether the Group could successfully implement this strategy, to some extent, depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various government authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition, results of operations and prospects.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for the Group's infrastructure construction, affordable housing construction, manufacturing businesses and other operational activities. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs and regulatory requirements, the related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There can be no insurance that the quality of the city infrastructures or the affordable housings constructed by the Group or the new energy products or new construction materials produced by the Group could always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects or products, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims were to be ultimately successful, the Group could be required to pay substantial monetary damages or penalties. There can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the real estate properties it develops;
- work-related personal injuries;
- on-site construction or production 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 Group believes to be consistent with the relevant law and industry and business practice in the PRC or elsewhere. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that the Guarantor or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

The Group is subject to various environmental, safety and health regulations in the PRC and any failure to comply with such regulations may result in penalties, fines, governmental sanctions, proceedings or suspension or revocation of its licences or permits.

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There can be no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis or at all. As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with the applicable safety regulations or requirements from any government authority.

In addition, PRC laws and regulations are constantly evolving. The applicable laws, regulations, rules and policies relating to the Group's business may be subject to further changes or amendments, or uncertainties regarding their interpretation and application. The compliance costs, liabilities and requirements associated with any existing and future laws, regulations, rules and policies can have significant impacts on the Group's business, results of operations and financial condition. The Group is expected to incur continuous compliance costs, implement operational changes so as to fulfil regulatory requirements, develop and maintain internal policies, procedures and training programmes and purchase necessary insurance to ensure its compliance with any existing and future regulatory requirements. Moreover, as part of the national policy in promoting environmental protection, the Group is expected to comply with more and more stringent environmental laws and regulations. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

The Group faces risks related to force majeure events, natural disasters, health epidemics, pandemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt its business operations.

The Group's businesses could be adversely affected by the effects of force majeure events, natural disasters, catastrophes, epidemics, pandemics and other outbreaks, such as the COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola and other acts of God which are beyond its control. Force majeure events, natural disasters, catastrophes or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. Outbreaks of contagious diseases and other adverse public health developments in China or any other markets in which the Group operates and conducts business could severely disrupt its business operations by damaging the demand for the products and services provided by it or impacting the productivity of its workforce, which could negatively affect its financial condition, operational results and future prospects. In addition, if there is any extensive or prolonged restriction on travel and public transport or prolonged closure of workplaces, such restrictions and measures could have a material adverse effect on the global economy. As such, the Group's business, financial condition and results of operations may be materially and adversely affected.

In December 2019, an outbreak of COVID-19 emerged and expanded around the world in the following months. COVID-19 is considered highly contagious and poses a serious threat to the health and wellbeing of the public. In March 2020, the World Health Organisation declared COVID-19 as a pandemic. Many countries declared a state of emergency, closed their borders to international travellers, and restricted movements of their citizens with a view to containing the pandemic, and citizens in many affected countries and areas have been advised or required to stay at their homes subject to very limited exceptions. As a result of these restrictions, the reduced consumption, commercial activities and industrial production have resulted in severe disruption to the global economy and the global supply chain.

In addition, to contain the spread of COVID-19, the PRC government has taken a number of containment measures, for instance, the PRC government has, during multiple periods and across various affected regions, imposed, including but not limited to, restrictions on public gatherings, strict quarantine and treatment measures for individuals who had COVID-19 or who have had close contact with confirmed cases, traffic control, formulating schedules for the resumption of business for enterprises, and other actions. These containment measures caused disruptions to the Group's business and results of operations for the year ended 31 December 2020 and the six months ended 30 June 2021. In July 2021, multiple cities in the PRC reported new locally transmitted cases of the Delta strain of COVID-19, which created new uncertainties. In November 2021, the World Health Organisation declared that a new COVID-19 variant, Omicron, may be more infectious or become more resistant to immunisation (including existing vaccines). Multiple cities in the PRC recently reported locally transmitted cases of the new COVID-19 variant, Omicron. The Group is constantly assessing the actual and potential impact of COVID-19 on the Group's business and results of operations. It is uncertain as to whether there will be any further waves of COVID-19 outbreaks in the PRC or any other part of the world and when the COVID-19 pandemic will be contained globally. Given the high uncertainties associated with COVID-19 at the moment, it is difficult to predict whether any further containment measures or other measures will be imposed on the markets or regions that the Group operates, or how long such measures will last. The full extent to which COVID-19 impacts the Group's results will depend on future developments. These developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19, the actions to contain COVID-19 or treat its impact, the availability of one or more viable vaccines and the speed in which they can be distributed, as well as the overall impact on the financial market and economy in China and globally. In the event that the COVID-19 pandemic is not effectively controlled, the Group's business operations and financial condition may be materially and adversely affected as a result of the changes in the market outlook, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other relevant jurisdictions. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group, in particular, the subsidiaries and associated companies in its financial services segment to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect the Group's business reputation, financial condition and results of operations.

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, such new employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of such new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial condition.

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

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

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

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconducts, and the precautions the Group takes to prevent and detect such activities may not be effective. There can be no assurance that fraud or any other misconduct will not occur in the future. If such fraud or any other misconducts does occur, it may cause negative publicity as a result and the relevant government agencies may freeze its assets or impose fines or other penalties on the Group. Any of these may materially and adversely affect the Group's reputation, financial condition and results of operations.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, suppliers, customers, employees and other third-party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes, such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion, delivery projects and/or breach of contracts. For instance, in March 2021, the Guarantor received a notice that Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司) ("**Everbright Trust**") filed in an action against the Guarantor and its subsidiary Zhenjiang New Area Urban Construction claiming for the payment of rents under the financing leasing arrangement, relevant interest and costs for the legal actions. As a result of the application by Everbright Trust to the relevant PRC court that assets of the Guarantor and the relevant subsidiaries to be judicially preserved, a freeze order was levied on 9,172,662 shares held by the Guarantor in Jiangsu Dagang. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there can be no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write-downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group relies heavily on information technology systems for its business and any information technology system limitations or failures could adversely affect its 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 disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. There can be no assurance that the Group's systems would not experience future systems failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's 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 increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

The Group engages in related party transactions from time to time, which may create potential conflicts of interest.

The Group has engaged in a variety of transactions with its related parties such as its associates. See Note IX.5 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements. Although the Group has taken steps to ensure such transactions are fair and based on market price with approval from relevant authorities, there can be no assurance that those transactions would be deemed as arm's-length or its related parties will not take actions that favour their interests over the Group's. The internal control regarding the management of various related party transactions can also be challenging and demanding for the Group. Failure to adequately control and manage its related party transactions could have an adverse effect on the Group's business, financial condition or results of operations.

The Group is subject to joint venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Amicable cooperation and consensus among the Group's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties.

Further, the Group may not be able to control the decision-making process of the joint ventures as, in some cases, it does not have majority control of the particular joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. There can be no assurance that disputes among its partners will not arise in the future that could adversely affect such projects.

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

The Group may consider expanding its business operations by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group will consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively. In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

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

RISKS RELATING TO THE GROUP'S INFRASTRUCTURE DEVELOPMENT AND REAL ESTATE DEVELOPMENT BUSINESSES

The Group's business and prospects depend to a large extent upon the public spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on infrastructure and fixed asset investments in the Zhenjiang New Zone.

The Guarantor is an investment and financing platform of the Zhenjiang Municipal Government and is under the direct administration of Zhenjiang SASAC which acts on behalf of the Zhenjiang Municipal Government. Given its unique background, the Group is a designated entity to undertake a number of public-funded municipal construction projects in the Zhenjiang New Zone, such as infrastructure construction and affordable housing construction. Accordingly, the Group's business and prospects have historically been, and may continue to be, materially affected by the budget and spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on urban development and municipal construction in the Zhenjiang New Zone.

There are a number of factors affecting the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee's budget and spending on urban development and municipal construction in the Zhenjiang New Zone. The key factors are government policies and priorities relating to the development of different regions and the Zhenjiang Municipal Government's fiscal and monetary policies. The Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee's budget and spending on the development of the Zhenjiang New Zone is also affected by the government's fiscal income and general economic conditions in Jiangsu Province and the PRC. Any slowdown in the overall economic conditions of Jiangsu Province or the PRC may affect the economic development of

Zhenjiang and the fiscal conditions of the Zhenjiang Municipal Government, which may in turn reduce the budget and spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on infrastructure construction and municipal development in the Zhenjiang New Zone. If the public spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on infrastructure and fixed asset investments in the Zhenjiang New Zone decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Delays or defaults in the buyback payment by the Zhenjiang New Zone Management Committee to the Group may affect its working capital and cash flow.

Most of the Group's infrastructure construction projects are conducted under the agent construction business model where the Group undertakes the construction, funding and management of each project until its completion. For those projects, the payment collection period is relatively long, and all or a large portion of the agreed buyback payment is generally paid only after the government completes its testing and inspection works and provides its approval for the project or a phase of the project. The government may however delay or be unable to make the buyback payment upon completion of the project. However, the Group incurs costs such as material, equipment and labour costs, at the beginning of the project, on an ongoing basis and before achieving the relevant project milestones, and thus bears the risk of pre-paying costs and expenditures relating to projects. Therefore, any delay or default in the buyback payment by the government may increase the Group's cash flow pressure which will in turn increase its business financial vulnerability and adversely affect its financial condition and results of operations. There can be no assurance that the government authorities will continue to make all payments in a timely manner, or that no events of default will occur in the future.

Some of the Group's infrastructure projects are public interest projects, which are not profitable in nature and the respective government subsidies may not be available.

The Group undertakes from time to time infrastructure and real estate projects that are motivated by public interests and social welfare development, such as constructing highways and roads within Zhenjiang or connecting Zhenjiang with other cities. As such, some of the Group's infrastructure projects are for public interest by nature and do not generate any profit. The Group receives financial and other subsidies from the Zhenjiang New Zone Management Committee for such government-sponsored projects. However, such financial subsidies may not always be available due to the government's liquidity, budgeting priority and other considerations. Further, the Zhenjiang New Zone Management Committee may change the plans for such projects after construction commences, which may cause the Group's investment costs to increase. Additionally, it is uncertain whether the government will be able to continue to provide such financial subsidies to the Group following the promulgation of Circular 43 and the Implementation Opinion on Circular 43. The Group has limited resources and engagement in such projects may reduce its ability to participate in other profit-generating projects. The Group is currently involved in several government projects and may continue such involvement and participation from time to time. If the Group takes on more non-profit generating public interest projects in the future, and financial subsidies are not readily available or provided, there can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected as a result.

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

Infrastructure projects require substantial capital expenditures prior to and during the construction period, and the construction of such projects may take many months or several years before the Group receives its construction fees from the Zhenjiang New Zone Management Committee. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;

- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot ratios.

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

The relocation of incumbent residents and businesses on the sites where the Group's projects are located may result in delays in its development and/or increase its development costs.

Some of the projects that the Group has developed involve relocation of incumbent residents and businesses, and the Group believes that similar situations may recur when it develops its future projects. If any incumbent resident or business is dissatisfied with the relocation compensation and refuses to move, the relevant entity of the township government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable is complaint with PRC law. The relevant land authority will then decide as to the proper relocation compensation and timetable. There can be no assurance that the relocation of incumbent residents or businesses will proceed smoothly or that they will agree to the compensation. In addition, the amount of compensation to be paid is subject to PRC governmental regulation and can be changed at any time. Accordingly, any delays in effecting such relocations of these incumbent residents or businesses may result in delays in the Group's development schedules and/or increase its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

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

Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, prospects and results of operations.

The Group relies on third-party contractors to carry out infrastructure construction and real estate development. Many of these businesses are labour intensive. As such, labour shortages, labour disputes or increases in labour costs of third-party contractors could materially and adversely affect the Group's business, prospects and results of operations. Industrial action or other labour unrest could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects. These actions are beyond the Group's foreseeability or control. There can be no assurance that labour unrest will not affect general labour market conditions or result in changes to labour laws. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the contractors participating in the Group's projects. As the Group is responsible for making progress payments to its third-party contractors, any increase in the labour costs of those third-party contractors may negatively affect the Group's cash flow, which could materially and adversely affect the Group's business, prospects and results of operations.

The Group's property development business may be materially and adversely affected if it fails to obtain, or if there is any material delay in obtaining, the necessary PRC governmental approvals and certificates for its property development projects.

The Group is required to obtain a number of permits, licenses, certificates and other approvals in connection with the development of its property projects, including, but not limited to, state-owned land use rights certificates, construction land planning permits, construction project planning permits, construction permits, pre-sale permits for affordable housing and commodity properties and certificates or filings of completion and acceptance from the relevant administrative authorities. The granting of these certificates and permits is contingent upon satisfaction of the conditions required under applicable PRC laws and regulations. Even if the relevant conditions are satisfied, prolonged review by the relevant administrative authorities may be possible, causing uncertainties on the timely issuance of the certificates and permits. There can be no assurance that the Group will not encounter problems fulfilling all or any of the conditions for the grant of the certificates or permits, or that the Group is able to obtain all necessary certificates and permits for its projects in a timely manner, or at all. If the Group fails to obtain or experiences significant delays in obtaining the requisite governmental permits, licenses, certificates or other approvals, it will be exposed to penalties as well as disruption or delays in its property development timetable, and in turn could materially and adversely affect its property development business, financial condition and results of operations.

The PRC government may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.

Under applicable PRC laws and regulations, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. The PRC government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

As at the date of this Offering Circular, the Group has not received any fine or penalty or notice of fine or penalty from the relevant government authorities relating to any idle land. However, no assurance can be given that the Group will always be able to comply with the relevant policies on idle land and that the government authorities will not penalise the Group should there be any non-compliance in the future. The imposition of fines and penalties could have a material and adverse effect on the Group's business, financial condition and results of operations.

The real estate development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法), all property developers in the PRC must provide certain quality warranties for the properties they develop or sell. The Group is required to provide these warranties to the purchases of the properties it develops and sells. Generally, the Group receives quality warranties from its third-party contractors with respect to its property projects. If a significant number of claims were brought against the Group under its warranties and if the Group was unable to obtain compensation for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm its reputation, and materially and adversely affect its commodity property business and related financial condition and results of operations.

Any failure by the Group to meet delivery schedule with respect to the properties it develops could adversely affect its business and results of operations.

The Group's contracts with local governments relating to its affordable housing properties contain completion schedule requirements. The Group's pre-sales contracts and sales contracts with respect to its commodity properties also include provisions relating to the specific time of delivery, which vary from one case to another. The construction timetable of the Group's property projects may be affected by a number of factors, such as delay in obtaining necessary approvals, permits and licenses, changes in the Group's financial condition and liquidity and performance of third-party contractors. Some of these factors are beyond the Group's control. Material delay or failure to complete the affordable housing properties and to deliver the commodity properties may lead to breach of undertaking under the relevant development contracts and the property pre-sales and sales contracts. Some of the Group's pre-sales contracts with respect to its commodity properties include provisions that provide for liquidated damages if the Group fails to deliver in accordance with the required timetable, which are typically levied at an agreed rate for each day of delay that is deemed to be the Group's responsibility. Any failure to meet the schedule requirements of these contracts could cause the Group to pay significant liquidated damages, which would reduce or eliminate its profit on the relevant contracts and could adversely affect its liquidity and cash flows and have a material adverse effect on its business, financial condition, results of operations and prospects.

Jiangsu Dagang experienced continued losses and was issued a delisting warning by the Shenzhen Stock Exchange.

Jiangsu Dagang, the Guarantor's subsidiary which is listed on the Shenzhen Stock Exchange (stock code: 002077) is one of the main operating entities for the Group's real estate business. As at 31 December 2020, the Guarantor held, both directly and indirectly, a 49.89 per cent, equity interest in Jiangsu Dagang. For the years ended 31 December 2018 and 2019, Jiangsu Dagang recorded a net loss of RMB570.1 million and RMB471.9 million, respectively. Consequently, the Shenzhen Stock Exchange, pursuant to relevant listing rules, issued a delisting warning on 30 April 2020 to Jiangsu Dagang. According to the warning, the listing status of Jiangsu Dagang would be suspended if it records a net loss for the year ended 31 December 2020. Although Jiangsu Dagang recorded net profits of approximate RMB125.7 million for the year ended 31 December 2020, there can be no assurance that Jiangsu Dagang will be able to record a net profit in the future to prevent a similar delisting warning from being issued again. Given that Jiangsu Dagang is one of the main operating entities of the Group's real estate business, if it incurs net losses or becomes delisted in the near future, the Group's business, financial condition, results of operations and prospects may be adversely impacted.

RISKS RELATING TO THE GROUP'S OTHER PRINCIPAL BUSINESSES

The Group is exposed to declines in the current and expected volumes of supply or demand for bulk building materials, agricultural products and chemical products, sale prices and deterioration in economic and financial condition.

The current and expected volumes of supply and demand for the bulk building materials, agricultural products and chemical products which the Group trades vary over time based on changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions, demand in relevant end markets, technological developments (including their substitutions), fluctuations in global production capacity, global and regional weather conditions and natural disasters. Furthermore, changes in current and expected supply and demand conditions impact the current and expected future prices (and thus the price curve) of the products and materials. Declines in the price of such materials and products or increase of volume of such materials and products in the market could materially and adversely impact the Group's trading business, and in turn negatively affect its results of operations and financial condition.

The sale of the Group's investment properties may be adversely affected by the measures adopted by the PRC to cool down the growth of the property sector.

The Group's investment properties business entails the sale of land parcels to the Zhenjiang New Zone Land Reserve Centre (鎮江經濟技術開發區土地儲備中心) which acquires such land reserves to fulfil the development needs of the Zhenjiang New Zone. However, starting from the second half of 2009, residential property prices in certain cities in the PRC rose rapidly. In order to prevent the overheating of the property market and the possible formation of a speculative bubble, the PRC government introduced a series of regulatory measures in an effort to stabilise the real estate market and facilitate its sustainable development. Consequently, the real estate market in the PRC has witnessed signs of a slowdown in previous years and real estate developers may acquire fewer land use rights than they used to be to maintain their liquidity. As a result, the demand for land use rights will decrease in general. Accordingly, if the demand for land use rights in the Zhenjiang New Zone decreases, the Zhenjiang New Zone Land Reserve Centre may not acquire as many land parcels from the Group, thereby negatively impacting the Group's investment properties business, which in turn could have an adverse effect on the Group's business and results of operations. Furthermore, the Group's operating revenue from investment properties is primarily derived from the land grant premium received upon the grant of land use rights, which is determined by an auction process. A decrease in the demand for land use rights may exert downward pressure on the determination of the land use premium, which will reduce the Group's revenue generated from the sale of its investment properties. Any significant decline in revenue may have an adverse impact on the Group's business, results of operations and financial condition.

The Group's diversification into the financial service industry may increase its exposure to credit risks.

The Group's provision of financial services relating to guarantees and microloans involve many inherent risks, including the risk that customer liabilities the Group guaranteed or the loans it granted are not repaid on time or at all. The Group's guarantee services business currently focuses on manufacturing enterprises within the Zhenjiang New Zone. Many of its customers have limited financial resources or relatively weaker credit profiles, making it difficult for them to obtain capital from the large state-owned financial institutions. For the same reason, they are more vulnerable to adverse competitive, economic or regulatory conditions, and create greater credit risks relating to the Group's provisions of financial services than larger or more established businesses with longer operating histories. The Group mainly conducts its guarantee services business through the Zhenjiang New Zone Small-Medium-sized Enterprises Financing and Guarantee Co., Ltd. (鎮江新區中小企業融資擔保有限公司). As at 31 December 2020, the Group had repaid in aggregate of approximately RMB45.9 million in liabilities on behalf of its clients, with a payout ratio of approximately 1.15 per cent.

Since the second half of 2013, the PRC economy has shown signs of the slowdown, raising concerns that its historical rapid growth may not be sustainable. If the PRC economy continues to experience a slowdown or enters into recession, the operations and financial performance of PRC companies may be heavily affected and customer default may further increase, increasing the Group's exposure to credit and liquidity risks. Although the Group seeks to manage its credit risk exposure through internal customer due diligence, credit approvals, establishing credit limits and portfolio monitoring and other risk management measures, there can be no assurance that these measures will be effective and that the Group is able to manage its credit risk effectively with its existing risk management system.

The Group has limited information on the small and micro agricultural enterprises and individuals to which it provides financial services, and there can be no assurance that the Group's customer due diligence is sufficient to uncover material risks relating to its loans and guarantees.

The credit evaluation of the Group's financial services depends primarily on customer due diligence. A majority of the customers of the Group's financial services are small and micro agricultural enterprises and farmers, and available information about such customers sometimes is limited. For example, the accounting records or other financial information of the customers might not have been well maintained, their business model and procedures might not have been documented and they may not have effective internal controls as larger corporate entities. Inadequate information not only could result in additional work and related costs, it may also undermine the effectiveness of its customer due diligence. The Group normally conducts customer due diligence independently. There can be no assurance that the Group's investigation is able to procure all material information necessary to make a fully informed decision, or that its due diligence is sufficient to detect customer fraud. If the Group fails to perform thorough due diligence or discover customer fraud or intentional deceit, the quality of its credit evaluation may be compromised. Failure to effectively measure and limit the credit risk associated with its guarantee and loan portfolio could have a material adverse effect on its financial services business, financial condition and results of operations. In addition, the Group typically does not monitor the use of the financing it guaranteed or provided to its customers. If its customers engage in any illegal transactions, such as money laundering activities, the Group may face administrative and criminal liabilities and suffer financial and/or reputational damage.

The Group faces increasing competition in its manufacturing business.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's manufacturing of integrated circuit testing materials was RMB188.9 million, RMB252.1 million and RMB343.2 million, respectively. For the years ended 31 December 2018 and 2020, gross profit generated from the Group's manufacturing business was RMB25.3 million and RMB156.1 million, respectively. However, for the year ended 31 December 2019, the Group's manufacturing business had a gross loss of RMB86.8 million. The Group's performance and results of operations are prone to volatility resulting from intensifying market competition and in a wider sense, the slowdown of the PRC economy. In recent years, China's integrated circuit industry experienced substantial growth, which led to, in particular, the increased scale of integrated circuit testing, whereas the semiconductor industry has seen a global decline. The tensions and trade war between China and the U.S. have also created substantial uncertainty and volatility for the PRC economy. The combination of the foregoing has resulted in intensifying competition among manufacturers of integrated circuit testing materials. If the Group is not able to remain competitive, its manufacturing business and operating results may be adversely affected.

RISKS RELATING TO THE GROUP'S FINANCIAL STATEMENTS

The Group publishes and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Group from time to time issues corporate bonds, asset-backed securities, private placement notes, mid-term notes, super short-term financing bills and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Group needs to publish its quarterly, semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds, mid-term notes and short-term financing bills. After the Bonds are issued, the Guarantor is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed 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 and has not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. Further, the published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Guarantor's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. For example, certain of the Group's financial information as at and for the year ended 31 December 2018 was adjusted and restated in the 2019 Audited Financial Statements. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Guarantor's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds. The Guarantor is not responsible to holders of the Bonds 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.

No audited consolidated financial information as at or for any period after 31 December 2020 of the Group is currently available.

As at the date of this Offering Circular, no audited consolidated financial statements as at or for any period after 31 December 2020 is available for the Group. Although the Guarantor has published the 2021 Interim Financial Statements in Chinese at https://www.shclearing.com.cn, the 2021 Interim Financial Statements have not been audited or reviewed and are not subject to an audit or a review by any independent auditor and may be subject to further adjustments. The 2021 Interim 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 or a review. Such unaudited and unreviewed assessment should not be taken as an indication of the Guarantor's or the Group's business, financial condition or results of operation expected for these periods and potential investors should not rely on such interim financial information to evaluate the Guarantor's or the Group's financial condition, results of operation and results for the full year ended 31 December 2021. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the sufficiency of the 2021 Interim Financial Statements for an assessment of, and potential purchasers must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. The 2021 Interim Financial Statements should not be taken as an indication of the expected financial condition, results of operations and results of the Issuer, the Guarantor or the Group for such period or the full financial year ended 31 December 2021. For the avoidance of doubt, the 2021 Interim Financial Statements are not included in this Offering Circular and are not incorporated by reference herein. See also "*— Historical consolidated financial information of the Group may not be indicative of its current or future results of operations*".

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS.

The Audited Financial Statements included elsewhere in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from IFRS. Please see "*Summary of Certain Differences Between PRC GAAP and IFRS*" for details. Each 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, and how those differences might affect the financial information contained herein.

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

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

The Group's historical financial information may not be directly comparable with its future financial information.

The historical financial information of the Group is sometimes adjusted or restated to address subsequent changes in accounting standards, the Group's accounting policies and/or applicable laws and regulations with retrospective impact on the Group's financial reporting, correction of an error recorded in the previous period or to reflect the comments provided by the Group's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's historical financial statements and that contained in its future financial statements. The historical financial information is not intended to represent or predict the results of operations of any future periods. For example, pursuant to the Notice on Revising General Enterprises' the Format of the Financial Statements for the year 2019 (Caikuai [2019] 6) issued by the MOF on 30 April 2019, the Group had adjusted the presentation of its financial statements and had made corresponding retrospective adjustments to certain line items in the 2019 Audited Financial Statements in accordance with the new reporting requirements on financial statements. As such, the Group's financial information contained in the 2019 Audited Financial Statements may not be directly comparable with its historical financial information. For details of such adjustments, see Note III.24.1 of the 2019 Audited Financial Statements which are included elsewhere in this Offering Circular. There can be no assurance that the MOF will not promulgate other new accounting standards or requirements in relation to financial statements which may affect the Guarantor's accounting policies or the presentation of the Guarantor's financial statements. In addition, the scope of the consolidated subsidiaries of the Group for the year ended 31 December 2020 changed as compared to the prior year. For details of such changes, see Note I.2 to the 2020 Audited Financial Statements. Such changes may cause the presentation of certain accounting items in the 2020 Audited Financial Statements to not be comparable to the historical financial statements of the Group.

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

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

The Guarantor's auditors may be involved in investigations initiated by relevant PRC authorities from time to time.

Suya Jincheng, the independent auditors of the Guarantor which audited the Audited Financial Statements, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and CSRC. In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their examinations of PRC public accountants. As a result, auditors in the PRC have been subject to more frequent examinations. CSRC's investigations are mainly focused on the independence of the auditors, the appropriateness of the implementation of accounting standards, the adequacy of professional scepticism in the auditing process and the reasonableness of the judgement made by the auditors. In the past few years, Suya Jincheng was investigated by CSRC in connection with its provision of audit services to certain PRC companies and was imposed administrative regulatory measures, including warning letters, by CSRC and other regulatory institutions. For example, in February 2020, Jiangsu Regulatory Bureau of CSRC issued a warning letter to Suya Jincheng in relation to its inadequate procedure when performing the internal control verification for Oriental Energy Co., Ltd. (東華能源股份有限公司) for the year ended 31 December 2017. In November 2020, Jiangsu Regulatory Bureau of CSRC issued a warning letter to Suya Jincheng in relation to its inadequate procedure when performing the audit for the acquisition of Chongqing Dinv Ares Film & Medial Co., Ltd. (重慶笛女阿瑞斯影視傳媒股份有限公司) by Omnijoi Media Corporation (幸福藍海影視文化集團股份有限公司) in 2017. Suya Jincheng has confirmed that its auditing work in connection with the Bonds is not affected by such administrative regulatory measures and the audit reports included elsewhere in this Offering Circular are valid and effective. Suya Jincheng has also confirmed that its office's registration as an accounting firm, its ability to provide comfort letters and the qualification of the auditors who participate in this offering are not affected by the regulatory decisions and/or warnings above. There can be no assurance that the involvement of Suya Jincheng in such administrative actions or any negative news about Suya Jincheng would not affect investors' confidence in companies and financial statements audited or reviewed by it. Prospective investors should consider these factors prior to making any investment decision.

RISKS RELATING TO THE PRC

The Group may be adversely affected by the uncertainty of the future performance of the PRC's economy.

Substantially all of the Group's revenue is derived from its operations in the PRC. The economy of the PRC experienced rapid growth in the past 40 years. A recent slowdown in the growth of the PRC's GDP beginning in the second half of 2013 has raised concerns that the historical rapid growth of the PRC economy over the last 30 years may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 2.3 per cent. in 2020. In 2020, China's GDP annual growth rate shrank year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. Given the continuous spread of COVID-19 globally and the evolving impact of the pandemic on the global economy, the full recovery of PRC economic growth still remains uncertain. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC. There can be no assurance the economy of the PRC will maintain sustainable growth.

China's economy is also exposed to material changes in the global economic and political environments as well as the performance and policies of certain developed economies and governments, such as the United States and the European Union. Any change in the trade policies of China's major trading partners, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes, may have an adverse effect on China's economy. For example, the United Kingdom's exit from the European Union and the China-U.S. trade friction have brought uncertainty to the economic conditions of the world, including but not limited to increased foreign exchange volatility and a possible economic recession involving more countries and areas. In addition, COVID-19 and the Russo-Ukrainian conflict have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. If economic conditions in the key markets of the Group remain uncertain and deteriorate further, the Group may experience a material impact on its business, operating results and financial condition.

The continuing effects of reform in the PRC, the changes in global economic and political environments and the COVID-19 outbreak may have an adverse effect on the global and PRC economies resulting in continuing uncertainty for the overall prospects of the global and the PRC economies this year and beyond. Such uncertainty may thus slow down the PRC economy. Any slowdown in the PRC economy may create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

Changes in China's economic, political and social conditions as well as governmental policies could affect the Group's business, results of operations and financial condition.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, uniformity in the implementation and enforcement of laws in relation to control of foreign exchange and control over capital investment and allocation of resources. In order to further transition the economy of the PRC from a planned economy to a more market-oriented economy, the PRC government has in recent years implemented a series of measures emphasising market forces, the reduction of state ownership of productive assets, deleveraging the economy by reducing borrowing levels and the establishment of sound corporate governance in business enterprises.

However, a large portion of the productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in Zhenjiang New Zone and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

The PRC legal system could limit the legal protections available to investors.

The Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. The PRC government has promulgated laws and regulations dealing with economic matters including the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. Many of these laws and regulations continue to evolve, may be subject to varying interpretations and may be inconsistently enforced. In addition, the number of published court decisions in China is limited in comparison to other jurisdictions with which investors may be more familiar, and such cases are not binding on subsequent cases. These uncertainties relating to the interpretation and enforcement of PRC laws and regulations can affect the legal remedies and protections that are available to investors and can adversely affect the value of an investment in the Bonds. Furthermore, 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. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. It may not be possible for investors to effect service of process upon the Guarantor in the PRC or to enforce any judgments obtained from courts of these countries against the Guarantor in the PRC, if such process or judgments contravene with the applicable provisions of the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法). These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

Government control of currency conversion and future movements in exchange rates may adversely affect the Group's business, results of operations and financial condition.

A portion of the Group's Renminbi income may need to be converted into other currencies to meet its requirements for foreign currencies, including payment of its foreign currency-denominated debt and purchases of imported equipment. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Bonds in foreign currencies. Foreign exchange transactions under the capital account, including principal payments with respect to foreign currency-denominated obligations, are subject to the approval requirements of SAFE. In addition, the value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Fluctuations in the exchange rate of the Renminbi against the U.S. dollar and certain other foreign currencies may adversely affect its business, results of operations and financial condition.

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

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012 and became effected on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, almost all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and unless provided by the PRC Labour Contract Law or agreed with the employee, the employer may not be able to efficiently terminate employment contracts without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

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

The PRC government's pilot plan to replace business tax with value-added tax (the "VAT") may subject the Group to more taxes, which could adversely affect the Group's business, results of operations and prospects.

In November 2011, the MOF and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業税改徵增值税試點方案). Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, VAT gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in the PRC. Under the pilot plan, a VAT rate of six per cent. applies to certain modern service industries. On 23 March 2016, the MOF and the SAT promulgated the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-Added Tax to Replace Business Tax (關於全面推開營業税改徵增值税試點的通知) ("**Circular 36**") which was partly amended by the Circular on Pilot Policies of Levying Value-added Tax in Lieu of Business Tax on Construction Services and Other Services (關於建築服務等營改增試點政策的通知) took effect on 1 July 2017, the Circular on Value-added Tax Policies including Deduction of Input Tax on Rented Fixed Assets (關於租入固定資產進項税額抵扣等增值税政策的通知) took effect on 25 December 2017 and the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (關

於深化增值稅改革有關政策的公告) took effect on 1 April 2019. Pursuant to Circular 36, starting from 1 May 2016, the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis. On 19 November 2017, the Interim Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) was abolished and the Interim Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the PRC on Value-added Tax, selling goods, providing labour services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to VAT. Although the VAT pilot programme is mainly intended to reduce double taxation under the business tax system, the Group may be subject to more taxes under the VAT pilot programme in connection with the Group's operations and activities in the PRC, which could adversely affect the Group's business, results of operations and prospects.

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

A substantial part of the Group's assets and a number of the Group's members are located in the PRC. In addition, substantially all of the assets of the Guarantor's directors and the members of its senior management are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon, or to enforce against, the Guarantor or its directors 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 resolving 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 Guarantor or the Guarantor's directors 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 judgments 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 Guarantor or the Guarantor's directors 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. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other

European countries or Japan. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The PRC government's pilot plan to replace business tax with the VAT may subject the Group to more taxes, which could adversely affect the Group's business, results of operations and prospects.

In November 2011, the MOF and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業稅改徵增值稅試點方案). Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, VAT gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in the PRC. Under the pilot plan, a VAT rate of six per cent. applies to certain modern service industries. On 23 March 2016, the MOF and the SAT promulgated Circular 36. Pursuant to Circular 36, starting from 1 May 2016, the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis. On 19 November 2017, the Interim Regulations of the PRC on Business Tax was abolished and the Interim Regulations of the People' s Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the PRC on Value added Tax, selling goods, providing labour services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to VAT. Although the VAT pilot programme is mainly intended to reduce double taxation under the business tax system, the Group may be subject to more taxes under the VAT pilot programme in connection with the Group's operations and activities in the PRC, which could adversely affect the Group's business, results of operations and prospects.

RISKS RELATING TO THE BONDS, THE GUARANTEE AND THE STANDBY LETTER OF CREDIT

The Zhenjiang Municipal Government is not contractually obligated to repay any amount under the Bonds or the Deed of Guarantee if the Issuer or the Guarantor fails to meet their respective obligations under these instruments.

The Guarantor is beneficially controlled and owned by the Zhenjiang Municipal Government with Zhenjiang SASAC as its registered shareholder. Similar to other companies beneficially controlled by the PRC government, the Guarantor may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Group becomes financially distressed. However, the Zhenjiang Municipal Government is under no contractual obligation to pay any amount under the Bonds or the Deed of Guarantee if the Issuer or the Guarantor fails to meet their respective obligations under these instruments, and, as a result, no financial support from the Zhenjiang Municipal Government nor any other the PRC governmental entity may materialise. Investors should base their investment decision on the financial condition of the Guarantor and the Group and any perceived credit risk associated with an investment in the Bonds based on the Group's own financial information reflected in its financial statements.

The Issuer has limited assets, which affects its ability to make payments under the Bonds, and relies on the remittance from the Guarantor and its subsidiaries to meet its obligations under the Bonds and the Guarantee.

The Issuer is a special purpose vehicle incorporated for the purpose of issuing the Previous Bonds (as defined below) and the Bonds. Since its incorporation, the Issuer has had no substantive assets or any business operations. After the Bonds are issued, it will on-lend the proceeds from the issuance to the Guarantor or any of its subsidiaries. Since its incorporation and as at the date of the Offering Circular, the Issuer has not incurred any outstanding indebtedness or issued any outstanding bonds, debentures, notes or other debt securities of any kind other than in connection with the Previous Bonds. Until the borrower makes a payment of principal or interest to the Issuer pursuant to the on-lending arrangement, or until the Guarantor or the other members of the Group injects capital into the Issuer via other means, the Issuer will have no substantive assets to finance the payments of any amount under the Bonds.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of the Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. Although approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST, no assurance can be given as to the liquidity of, or trading market for, the Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

If an active trading market for the Bonds were to develop, the price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group, proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, changes in the industry that the Group operates and competition, general economic conditions any adverse change in the credit rating, the revenues, earnings, results of operations or otherwise in the financial condition of the LC Bank could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than the U.S. dollar would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including 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 Bonds could be adversely affected.

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have the ability to understand and evaluate all information and materials with respect to the Issuer, the Guarantor, the Group, China Zheshang Bank and the LC Bank, including those in Chinese language;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

The Bonds will be mandatorily redeemed upon a Pre-funding Failure.

The Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payment due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the full amount of the outstanding principal due and interest accrued on the Bonds then outstanding (together with all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Agency Agreement, the Trust Deed, the Standby Letter of Credit and/or any other transaction document relating to the Bonds), and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 7(d). Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

The Guarantor's obligations under the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of each of the Guarantor's existing and future subsidiaries (other than the Issuer), and effectively subordinated to the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Issuer was established by the Guarantor specifically for the purpose of issuing the Bonds and will on-lend the net proceeds from the issue of the Bonds to the Guarantor, which may in turn on-lend to other members of the Group. Moreover, the Issuer may issue other bonds in the future and on-lend the proceeds to other entities of the Group. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Bonds will depend on its receipt of timely payments from the Group under such loan arrangement.

The Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Guarantor's existing and future subsidiaries, whether or not secured. The Guarantor's obligations under the Guarantee will not be guaranteed by any of the Guarantor's subsidiaries, and the Guarantor's ability to make payments under the Guarantee depends partly on the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of such subsidiaries to pay dividends to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefor, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, 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 Guarantor are creditors of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries and any subsidiaries that the Guarantor may in the future acquire or establish. The outstanding indebtedness of the subsidiaries of the Guarantor may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries and joint ventures could be reduced in the future.

The Guarantee is the Guarantor's unsecured obligations and will (i) rank equally in right of payment with all the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, 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 Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Guarantee only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Guarantor'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 Bonds then outstanding would remain unpaid.

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

The NDRC issued the NDRC Notice on 14 September 2015, which came into effect on the same day. According to the NDRC Notice, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity of not less than one year with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Notice is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst-case scenario, it might become unlawful for the Issuer and/or the Guarantor to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 10. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Notice. The Guarantor has undertaken to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the NDRC Notice and any implementation rules, notices, regulations and guidelines as issued by the NDRC from time to time and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds and the Guarantee.

If the Guarantor fails to complete SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

Pursuant to the Deed of Guarantee executed by the Guarantor, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor has agreed to use its best endeavours to register the Deed of Guarantee for the Bonds with SAFE for registration in accordance with, and within 15 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the execution of the Deed of Guarantee for the Bonds as prescribed by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) (the "**Cross-Border Security Provisions**") promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014. There are instances where some local SAFEs may not allow the registration of the deed of guarantee when the bonds are backed by a standby letter of credit. As the Bonds are backed by the Standby Letter of Credit issued by the LC Bank, there is a possibility that the SAFE may not entertain the Guarantor's registration request. There can be no guarantee that the Guarantor will be able to complete the registration of the Guarantee. As provided by the Cross-Border Security Provisions, although the non-registration does not render the Deed of Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

Bondholders do not have a right to require the Issuer to redeem the Bonds if the Cross-Border Security Registration is not completed.

Under the Conditions, the Guarantor undertakes to use its best endeavours to file or cause to be filed with the SAFE the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee for registration in accordance with the Cross-Border Security Provisions. Non-registration of the Deed of the Guarantee will not result in an event of default under the Conditions nor would it constitute a redemption event. If the registration of the Deed of Guarantee is not completed, Bondholders do not have a right to require the Issuer to redeem the Bonds. There are instances where some local SAFEs may not allow the registration of the deed of guarantee when the bonds are backed by a standby letter of credit. Although the Guarantor has undertaken to use its best endeavours to complete the Cross-Border Security Registration, there can be no assurance that SAFE will register the Deed of Guarantee. See "— *If the Guarantor fails to complete SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee*".

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

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

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Bonds.

Income or gains from the Bonds may be subject to income tax or VAT under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC last amended in 2018 (中華人民共和國企業所得稅法(2018修正)) and its implementation rules (the "**New Enterprise Income Tax Law**"), any gains realised on the transfer of the Bonds by holders who are deemed under the New Enterprise Income Tax 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 New Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate (provided that the non-resident enterprise does not have offices or premises in the PRC or that offices or premises in the PRC but such gains are not effectively connected therewith) 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 Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between the PRC and Hong Kong for avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds, if such capital gains are not connected with an office or a premise that the Bondholders have in the PRC and all the other relevant conditions are satisfied. According to Circular 36, VAT is unlikely to apply to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to apply to gains realised upon such transfers, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Guarantor, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer or the Guarantor under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Issuer or the Guarantor, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s).

The Bonds will initially be represented by a Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (each a "**Clearing System**"). Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates representing the Bonds. The Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Bonds by making payments to the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing System(s) to receive payments under the Bonds. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer or the Guarantor in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

The Issuer or the Guarantor may not be able to redeem the Bonds upon the due date for redemption thereof.

The Issuer may, on the occurrence of a Change of Control, and at maturity will, be required to redeem part or all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Guarantor would have sufficient funds at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

The insolvency laws of the British Virgin Islands and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

The Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and the PRC, respectively. Additionally, the LC Bank is also incorporated under the laws of the PRC. As such, any insolvency proceeding relating to the Issuer or the Guarantor or the LC Bank would likely involve British Virgin Islands or PRC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The Trustee may request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including, without limitation, giving of notice to the Issuer and the Guarantor pursuant to Condition 10 of the Conditions and taking steps and/or actions and/or instituting proceedings pursuant to Condition 14 of the Conditions, the Trustee may, at its sole discretion, request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction.

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

A change in English law which governs the Bonds may adversely affect Bondholders.

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

Certain facts and statistics are derived from publications not independently verified by the Group, the Joint Lead Managers or their respective advisers.

Facts and statistics in the Offering Circular relating to global economy and the relevant industries are derived from publicly available sources. While the Issuer and the Guarantor have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and, therefore, none of these parties makes any representation as to the accuracy of such facts and statistics. Due to possibly flawed or 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. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Modifications and waivers may be made in respect of the Conditions, the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit by the Trustee or less than all of the holders of the Bonds, and decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of individual holders of the Bonds.

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

The Conditions also provide that the Trustee may (but is not obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit (other than in respect of certain reserved matters) which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach of, or failure to comply with any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or Standby Letter of Credit (other than a proposed breach or breach relating to the subject of certain reserved matters) which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

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 Bonds 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 Conditions, the Deed of Guarantee, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. The Guarantor and most of the Group's subsidiaries are incorporated in the PRC and a substantial portion of the Group's assets are located in the PRC. In addition, the Guarantor's directors and senior management reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon such directors and senior management, including for matters arising under applicable securities law.

The Issuer and the Guarantor have irrevocably submitted to the exclusive jurisdiction of the Hong Kong courts in the transaction documents relating to the Bonds and the Guarantee. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the "**Reciprocal Arrangements**") which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognised and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognised and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. The PRC signed the Hague Convention on Choice of Court Agreements (the "**Hague Convention**") in September 2017 which is intended to promote the use of exclusive choice of court agreements in international contracts and facilitate the creation of a recognition and enforcement regime for court judgements between contracting States. However, the signing of the Hague Convention does not have currently have any legal effect until it is ratified by the PRC government. The PRC has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with numerous countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Bondholders to enforce any judgments obtained from such foreign courts against the Group, the Issuer, the Guarantor or any of their respective directors or senior management in the PRC.

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

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

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of a change in or amendment to tax laws or regulations of the British Virgin Islands or the PRC and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in Condition 7(b) (*Redemption for Tax Reasons*) of the Conditions.

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

The Issuer and the Guarantor may not be able to raise the funds necessary to finance the purchase of Bonds upon occurrence of a Change of Control or at the option of the Bondholders.

Following the occurrence of a Change of Control, Bondholders may require the Issuer to redeem their Bonds. See "*Terms and Conditions of the Bonds — Redemption for Change of Control*". The source of funds for any such redemption would be the Group's available cash or third-party financing. However, there can be no assurance that the Issuer, or failing whom the Guarantor, would have sufficient funds at that time to make the required redemption of the Bonds. In addition, agreements to which the Issuer or the Guarantor is a party at that time may restrict or prohibit such a payment.

The Issuer may issue additional bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date and first payment date of interest on them and the timing for the making or submission of the NDRC Post-issue Filing, the submission of the Cross-Border Security Registration and the giving of consequent notices thereof (see "*Terms and Conditions of the Bonds — Further Issues*")) 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 issuance or capital raising activity will not adversely affect the market price of the Bonds.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of China Zheshang Bank.

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by China Zheshang Bank and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, China Zheshang Bank would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial condition of China Zheshang Bank, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

Impaired loans and advances: China Zheshang Bank's results of operations have been and will continue to be negatively affected by its impaired loans. If China Zheshang Bank is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans China Zheshang Bank extends in the future, or China Zheshang Bank's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, China Zheshang Bank's financial condition could be materially and adversely affected.

Collateral and guarantees: A substantial portion of China Zheshang Bank's loans is secured by collateral. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If China Zheshang Bank is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors China Zheshang Bank's financial condition could be materially and adversely affected.

Loans to real estate sector and government financing platforms: China Zheshang Bank's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, China Zheshang Bank's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of China Zheshang Bank. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, as neither China Zheshang Bank nor the LC Bank has not waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit.

Payments of principal and interest in respect of the Bonds and the fees and expenses and other amounts in connection with the Bonds and the Trust Deed will have the benefit of the Standby Letter of Credit up to a maximum limit of U.S.$123,280,000, being an amount representing the aggregate principal amount of the Bonds plus one (instead of all) instalment of interest and premium (if any) payable under the Bonds plus an additional amount intended to cover all fees, costs, expenses, indemnity payment and all and any other amounts payable by the Issuer and/or the Guarantor under or in connection with the Bonds or the Trust Deed, the Guarantee, the Agency Agreement and/or any other transaction document relating to the Bonds, there can be no assurance that such maximum limit is sufficient to fully satisfy the aforementioned payments.

The Standby Letter of Credit expires 30 days after the Maturity Date.

The Standby Letter of Credit will expire after 6:00 p.m. (Hong Kong time) on 27 May 2025. In the event that the Trustee does not enforce the Standby Letter of Credit by this expiration time, the Bondholders and the Trustee will not be able to benefit from the credit protection provided by the LC Bank. Furthermore, in the event that any payment from the Issuer to the Trustee is avoided by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and a written notice claiming such avoided payment under the Standby Letter of Credit was not given to the LC Bank on or before the expiry time of the Standby Letter of Credit, the Bondholders and the Trustee will not be able to recover such avoided payment from the LC Bank under the Standby Letter of Credit.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of U.S.$120,000,000 3.80 per cent. credit enhanced guaranteed bonds due 2025 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional Bonds issued in accordance with Condition 16 and consolidated and forming a single series therewith) was authorised by a written resolution of the sole director of Hanrui Overseas Investment Co., Ltd. (the "**Issuer**") passed on 21 April 2022. The Bonds are guaranteed by Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司) (the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a resolution of the board of directors of the Guarantor passed on 17 May 2021 and a resolution of the shareholder passed on 31 May 2021. The Issuer is an indirect subsidiary of the Guarantor. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 27 April 2022 (the "**Issue Date**") among the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates (as defined below). The Bonds also have the benefit of a deed of guarantee dated on or about 27 April 2022 (as amended or supplemented from time to time, the "**Deed of Guarantee**") entered into by the Guarantor and the Trustee relating to the Bonds.

Copies of the Trust Deed, the Deed of Guarantee, the Standby Letter of Credit (as defined below) and of the agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 27 April 2022 relating to the Bonds among the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, London Branch as initial principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, London Branch as the account bank (in such capacity, the "**Pre-funding Account Bank**", which expression shall include any successor) with which the Pre-funding Account (as defined below) is held and as the account bank (in such capacity, the "**LC Proceeds Account Bank**", which expression shall include any successor) with which the LC Proceeds Account (as defined below) is held and any other agents named in it, are available for inspection upon prior written request and satisfactory proof of holding and identity at all reasonable times during usual business hours (being between 9:00 a.m. to 3:00 p.m.) at the principal place of business in London of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent from time to time. The "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents and their successor(s) appointed from time to time with respect to the Bonds, and the "**Paying Agents**" include the Principal Paying Agent together with any additional or successor paying agent appointed from time to time in connection with the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Standby Letter of Credit.

The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated 27 April 2022 issued by China Zheshang Bank Co., Ltd. Nanjing Branch (the "**LC Bank**") in favour of the Trustee on behalf of itself and the holders of the Bonds.

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

1 FORM, DENOMINATION AND TITLE

The Bonds are issued in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, a "**Specified Denomination**").

The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

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

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

2 TRANSFERS OF BONDS AND DELIVERY OF NEW CERTIFICATES

(a) **Transfer:** A holding of Bonds may, subject to the Agency Agreement and Condition 2(d) and 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred (which shall be in the Specified Denomination), together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in the Specified Denomination). In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. No transfer of title to a Bond will be valid unless and until entered on the Register. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

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

(b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt by the Transfer Agent or the Registrar of a duly completed and signed form of transfer and surrender of the existing Certificate(s). The form of transfer is available at the specified offices of each Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer or surrender of Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or redemption of the Bonds, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice in respect of such Bond has been deposited pursuant to Condition 7(c), or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)).

(e) **Regulations:** All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement. The Registrar may change the regulations from time to time, with the prior written approval of the Trustee and (in the case of any regulation proposed by the Issuer) of the Registrar. A copy of the current regulations will be made available by the Registrar to any Bondholder upon written request and proof of holding and identity to the satisfaction of the Registrar and is available at the specified office of the Registrar.

3 STATUS AND GUARANTEE

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

(b) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

4 STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) **Standby Letter of Credit**: The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by the Trustee or on behalf of the Trustee by the Delegate (as defined in Condition 4(b) below) to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding an amount that is required to be pre-funded under these Conditions and/or failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) or (ii) an Event of Default (as defined in these Conditions) has occurred and the Trustee has given notice in writing to the Issuer and the Guarantor that the Bonds are immediately due and payable in accordance with Condition 10.

Only one drawing is permitted under the Standby Letter of Credit.

Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or any other transaction document relating to the Bonds shall, to the extent the drawing is paid to or to the order of the Trustee, satisfy the obligations of the Issuer and the Guarantor in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or any other transaction document relating to the Bonds.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not exceed U.S.$123,280,000, which includes an amount representing the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined in Condition 6) in accordance with these Conditions plus U.S.$1,000,000 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts which may be incurred by or payable by the Issuer and/or the Guarantor under or in connection with the Bonds, the Trust Deed, the Deed of Guarantee, the Standby Letter of Credit, the Agency Agreement and/or any other transaction documents relating to the Bonds (the "**Maximum Limit**"). The Standby Letter of Credit takes effect from the Issue Date and expires at 6:00 p.m. (Hong Kong time) on 27 May 2025.

See "Appendix I – Form of Irrevocable Standby Letter of Credit" in the Offering Circular for the form of the Standby Letter of Credit.

(b) **Pre-funding**: In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (London time) on the Business Day falling 10 Business Days (the "**Pre-funding Date**") prior to the due date for such payment under these Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (x) a Payment and Solvency Certificate signed by any Authorised Signatory (as defined in the Trust Deed) of the Issuer, and (y) a copy of the irrevocable payment instruction from the

Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall

(i) send the notice (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (a) the Pre-funding Failure and (b) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure, and

(ii) by no later than 5:00 p.m. (London time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank (which will be presented by the Trustee or on behalf of the Trustee by The Bank of New York Mellon, Hong Kong Branch acting as the Trustee's delegate in relation to the Standby Letter of Credit (the "**Delegate**")) for the principal amount in respect of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date (as defined in Condition 7(d)) and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer and/or the Guarantor under or in connection with the Bonds, the Deed of Guarantee, the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds, provided that, in accordance with the Standby Letter of Credit, the Trustee or the Delegate need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (provided that in the event that the SWIFT system is not available for any reason, the Trustee or the Delegate may instead present a Demand via facsimile transmission). Following receipt by the LC Bank of such Demand by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after such Business Day (or, if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, by 10:00 a.m. (Hong Kong time) on the fifth Business Day after such Business Day), pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account.

The Pre-funding Account Bank shall notify the Trustee and the Principal Paying Agent forthwith upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions. For the purposes of this Condition 4:

"**Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in London, Hong Kong, Beijing and New York City;

"**LC Proceeds Account**" means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (A) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b) and (B) the Issuer or the Guarantor is solvent; and

"**Pre-funding Account**" means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-funding Account Bank and designated for the purposes specified above.

5 COVENANTS

(a) **Financial Information:** For so long as any Bond remains outstanding, the Issuer and the Guarantor will furnish the Trustee with

(A) a copy of the relevant Guarantor Audited Financial Reports within 150 calendar days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation services provider, together with a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor certifying that such translation is complete and accurate;

(B) a copy of the Guarantor Unaudited Financial Reports within 120 calendar days of the end of each Relevant Period prepared on a basis consistent with its audited consolidated financial statements and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation service provider, together with a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and

(C) a Compliance Certificate of each of the Issuer and the Guarantor in English (on which the Trustee may rely conclusively as to such compliance and shall not be liable to the Issuer, the LC Bank, any Bondholder or any other person for such reliance) (i) together with the documents identified in Condition 5(a)(A) and (ii) within 14 days of any written request therefor by the Trustee,

provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 15 calendar days after any financial reports of the Guarantor are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, copies of any financial reports of the Guarantor filed with such exchange and if such financial reports shall be in Chinese language, together with an English translation of the same translated by a nationally or internationally recognised firm of accountants or a professional translation services provider, in lieu of the documents identified in Condition 5(a)(A) and Condition 5(a)(B) above, certified as true and correct copies and such translation certified as complete and accurate by an Authorised Signatory of the Guarantor. The Trustee shall not be required to review the relevant Audited Financial Reports or Unaudited Financial Reports furnished or delivered to it as contemplated above and, if the same shall not be in the English language, shall not be required to request or obtain an English language translation of the same or to investigate or verify the accuracy of any translation of any Audited Financial Reports or Unaudited Financial Reports furnished or delivered to it as contemplated above, and the Trustee shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for not doing so.

(b) **Notification to NDRC:** The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資 [2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

(c) **Notification of Submission of the NDRC Post-issue Filing:** The Guarantor shall within seven PRC Business Days after the later of (i) submission of the NDRC Post-issue Filing or

(ii) receipt of (x) the registration certificate from SAFE (or any other document evidencing the completion of registration by the Guarantor issued by SAFE) or (y) any record from the LC Bank evidencing the completion of the registration with SAFE by the LC Bank in connection with the issue of the Standby Letter of Credit, provide the Trustee with (A) a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Guarantor confirming the submission of the NDRC Post-issue Filing and (B) documents evidencing submission of the NDRC Post-issue Filing (collectively, the "**NDRC Registration Documents**"). The Guarantor shall give notice to the Bondholders (in accordance with Condition 17) confirming submission of the NDRC Post-issue Filing as soon as practicable after provision of the NDRC Registration Documents to the Trustee.

(d) **Cross-Border Security Registration:** The Guarantor undertakes to use its best endeavours to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**"), the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee for registration in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE).

See "Risk Factors — Risks Relating to the Bonds, the Guarantee and the Standby Letter of Credit — If the Guarantor fails to complete SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee" and "Risk Factors — Risks Relating to the Bonds, the Guarantee and the Standby Letter of Credit — Bondholders do not have a right to require the Issuer to redeem the Bonds if the Cross-Border Security Registration is not completed".

(e) **Notification of Completion of the Cross-Border Security Registration:** The Guarantor shall as soon as reasonably practicable after receipt of (i) the registration certificate from SAFE (or any other document evidencing the completion of registration by the Guarantor issued by SAFE) or (ii) any record from the LC Bank evidencing the completion of the registration with SAFE by the LC Bank in connection with the issue of the Standby Letter of Credit, provide the Trustee with (A) a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Guarantor confirming the completion of the Cross-Border Security Registration or, as the case may be, the completion of the LC Bank's registration with SAFE in connection with the issue of the Standby Letter of Credit, and if the Guarantor is not able to complete the Cross-Border Security Registration, confirming that it has used its best endeavours to complete the Cross-Border Security Registration but has not been able to do so, and (B) a copy of the relevant SAFE registration certificate or any document evidencing the completion of the registration with SAFE by the Guarantor or, as the case may be, any document evidencing the completion of registration by the LC Bank in connection with the issue of the Standby Letter of Credit, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor (collectively, the "**Cross-Border Security Registration Documents**"). The Guarantor shall give notice to the Bondholders (in accordance with Condition 17) confirming completion of the Cross-Border Security Registration or the completion of the LC Bank's registration with SAFE in connection with the issue of the Standby Letter of Credit as soon as practicable after provision of the Cross-Border Security Registration Documents to the Trustee.

The Trustee may rely conclusively on the NDRC Registration Documents and the Cross-Border Security Registration Documents and shall have no obligation or duty to monitor, assist with or ensure (x) the NDRC Post-issue Filing is submitted to the NDRC as required by Condition 5(b) and/or (y) the Cross-Border Security Registration with SAFE is completed as required by Condition 5(d) or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and/or the Cross-Border Security Registration (or as the case may be, the completion of the LC Bank's registration with SAFE in connection with the issue of the Standby Letter of Credit) or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and/or the Cross-Border Security Registration (or as the case may be, the completion of the LC Bank's registration with SAFE in connection with the issue of the Standby Letter of Credit), and the Trustee shall not be liable to Bondholders or any other person for not doing so.

(f) **Certain Definitions:** In these Conditions:

"**Compliance Certificate**" means a certificate of each of the Issuer and the Guarantor (as the case may be) signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds or, if non-compliance had occurred, giving details of it;

"**Guarantor Audited Financial Reports**" means the annual audited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cashflow statement and the consolidated statement of changes in owners' equity of the Guarantor together with the auditors' audit report and notes to the financial statements;

"**Guarantor Unaudited Financial Reports**" means the semi-annual unaudited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement and the consolidated cashflow statement of the Guarantor;

"**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 local counterparts;

"**Potential Event of Default**" means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing, the PRC;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

"**Relevant Period**" means, in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of its financial year (being 31 December of that financial year) and, in relation to the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of the first half of the Guarantor's financial year (being 30 June of that financial year); and a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

6 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 27 April 2022 at the rate of 3.80 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$19 per Calculation Amount (as defined below) on 27 April and 27 October in each year (each an "**Interest Payment Date**"), commencing on 27 October 2022.

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, 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).

7 REDEMPTION AND PURCHASE

(a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 April 2025 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) **Redemption for Tax Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 17 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (the "**BVI**") or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 22 April 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 7(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (aa) a certificate signed by any one Director who is also an Authorised Signatory or another Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in Condition 7(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (bb) an opinion of legal counsel or a tax consultant, in either case, of recognised standing with respect to taxation matters of the BVI or the PRC, as the case may be, stating that the requirement to pay such Additional Tax Amounts arises as a result of such change or amendment referred to above of this Condition 7(b). The Trustee shall be entitled (but shall not be obliged to) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 7(b) above, in which event they shall be conclusive and binding on the Bondholders.

(c) **Redemption for Change of Control:** At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, together with accrued interest to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond 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 Certificate evidencing the Bonds to be redeemed, by no later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 7(c).

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

The Issuer shall give notice to Bondholders (in accordance with Condition 17) and to the Trustee and the Principal Paying Agent in writing by not later than 14 business days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7(c).

Neither the Trustee nor the Agents shall be required to monitor whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to Bondholders or any other person for not doing so.

For the purposes of these Conditions:

a "**Change of Control**" occurs when:

(i) (x) the Zhenjiang SASAC, and (y) any other person directly or indirectly controlled by the central government of the PRC, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or

(ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity); and

"**Zhenjiang SASAC**" means the State-owned Assets Supervision and Administration Commission of Zhenjiang City of the PRC or its successor.

(d) **Mandatory Redemption upon Pre-funding Failure**: The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**") (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date, and the term "**Mandatory Redemption Date**" shall be construed accordingly.

(e) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 7, subject to Condition 7(d), shall be redeemed on the date specified in such notice in accordance with this Condition 7. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(f) **Purchase:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 13(a) and 14.

(g) **Cancellation:** All Certificates representing Bonds which are (i) redeemed or (ii) purchased by or on behalf of the Issuer, the Guarantor or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

(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 Bondholders or any other person for not doing so.

8 PAYMENTS

(a) **Method of Payment:**

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Principal Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 8(a)(ii) below.

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to registered account of the relevant holder of such Bond. In these Conditions, the "**registered account**" of a holder means the U.S. dollar account maintained by or on behalf of such holder with a bank, details of which appear in the Register at the close of business on the Record Date.

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

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of the Global 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.*

(b) **Payments Subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 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 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, or in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the Principal Paying Agent or any Paying Agent, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 8, "**Payment Business Day**" means a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business in the place in which the specified office of the Principal Paying Agent is located and settlement of U.S. dollar payments in London, New York City, Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.

9 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, 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 within the British Virgin Islands or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the rate applicable on 22 April 2022 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

(a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Bond; or

(b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting or, as the case may be, surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional tax amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed, the Deed of Guarantee and the Bonds.

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

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information to any person that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

10 EVENTS OF DEFAULT

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

An "**Event of Default**" occurs if:

(a) **With Respect to the Issuer and the Guarantor:**

(i) **Non-Payment:** there has been a failure to pay (A) the principal of or any premium (if any) on any of the Bonds when due; or (B) any interest on the Bonds when due, and (in the case of (B) only) such failure continues for a period of seven days; or

(ii) **Breach of Other Obligations:** the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds, the Deed of Guarantee, the Trust Deed, (other than those referred to in Condition 10(a)(i) or where it gives rise to a redemption pursuant to Condition 7(c)) which default (A) is in the opinion of the Trustee incapable of remedy, or (B) being a default which is in the opinion of the Trustee capable of remedy, remains unremedied for 30 days after written notice of such default is given to the Issuer and the Guarantor by the Trustee; or

(iii) **Cross-Acceleration:** (A) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(a)(iii) have occurred in aggregate equals or exceeds U.S.$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(a)(iii) operates); or

(iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, and is not discharged or stayed within 30 days; or

(v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, and is not discharged or stayed within 30 days); or

(vi) **Insolvency:** the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor, or any of their respective Principal Subsidiaries, as the case may be; or

(vii) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries (except for the voluntary solvent winding-up of any such Principal Subsidiary), or the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of any Principal Subsidiary of the Issuer or the Guarantor, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Principal Subsidiaries; or

(viii) **Nationalisation:** any step is taken by any person acting under the authority of any national or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or

(ix) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (B) to ensure that those obligations are legally binding or enforceable and (C) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(x) **Illegality:** it is or will become unlawful for any of the Issuer and the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Deed of Guarantee and the Trust Deed; or

(xi) **Unenforceability of Guarantee:** except as permitted under the Deed of Guarantee, any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(xii) **Standby Letter of Credit:** the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; or

(xiii) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of Condition 10(a)(iv) to Condition 10(a)(viii) (both inclusive).

In this Condition 10(a), "**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(i) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated gross revenue, consolidated net profit or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest Audited Financial Reports of the Guarantor, provided that:

(A) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited consolidated financial statements shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

(B) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue, net profit and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma financial statements (consolidated, if applicable) prepared for this purpose; and

(C) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (a) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary; and (b) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above of this definition.

A statement in writing signed by any Authorised Signatory of the Guarantor that in its opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Agents and the Bondholders.

(b) **With respect to the LC Bank:**

(i) **Cross-default:**

(A) any other present or future Public External Indebtedness of the LC Bank or any of the LC Bank Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described) in respect of the terms thereof, or;

(B) any principal of such Public External Indebtedness is not paid when due or, as the case may be, within any applicable grace period,

provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this paragraph have occurred exceeds U.S.$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against U.S. dollars as quoted by any leading bank on the day on which this paragraph operates); or

(ii) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the LC Bank or any of the LC Bank Material Subsidiaries and is not discharged or stayed within 30 days; or

(iii) **Insolvency:** the LC Bank or any of the LC Bank Material Subsidiaries is insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops or suspends payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of the debts of the LC Bank or any of the LC Bank Material Subsidiaries; or

(iv) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the LC Bank or any of the LC Bank Material Subsidiaries, or the LC Bank ceases to carry on all or a substantial part of its business, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the shareholders of the LC Bank and/or the relevant LC Bank Material Subsidiaries or (ii) a solvent winding up of any LC Bank Material Subsidiary or (iii) in the case of an LC Bank Material Subsidiary, whereby the undertaking and assets of such LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank and/or any other LC Bank Material Subsidiaries; or

(v) **Illegality:** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit.

In this Condition 10(b):

"**LC Bank Material Subsidiary**" means an LC Bank Subsidiary whose total assets, total revenue or net profit on the date as at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which such audited financial statements relate, account for five (5) per cent. or more of the consolidated total assets, consolidated total revenue or consolidated net profit of the LC Bank as of such date or for such period. If an LC Bank Subsidiary transfers all of its assets and business to another LC Bank Subsidiary, the transferee shall become a LC Bank Material Subsidiary and the transferor shall cease to be an LC Bank Subsidiary on completion of such transfer;

A certificate signed by an authorised signatory of the LC Bank that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) an LC Bank Subsidiary is or is not or was or was not at any particular time or during any particular period an LC Bank Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Bondholders;

"**LC Bank Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank; and

"**Public External Indebtedness**" means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by such entity of indebtedness, for money borrowed which (x) 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) and which is issued outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (y) has an original maturity of more than 365 days.

11 PRESCRIPTION

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

12 REPLACEMENT OF CERTIFICATES

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

13 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER AND ENTITLEMENTS

(a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee, and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of certain proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (v) to modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 16 or modification pursuant to Condition 13(b)), or (vi) to modify or cancel the Deed of Guarantee (other than an amendment or supplement to the Deed of Guarantee in connection with a further issue of bonds pursuant to Condition 16 or modification pursuant to Condition 13(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (ii) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

So long as the Bonds are evidenced by the Global Certificate, an Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Bondholders of not less than 75 per cent in aggregate principal amount of the Bonds for the time being outstanding.

(b) **Modification of these Conditions, the Trust Deed, the Agency Agreement, the Deed of Guarantee and the Standby Letter of Credit:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

14 ENFORCEMENT

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

15 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Bonds, Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and/or these Conditions and in respect of the Bonds and to enforce payment or taking other actions, steps and/or proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and any liabilities incurred by it in priority to the claims of Bondholders. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer, the Guarantor, the LC Bank and/or any entity related (directly or indirectly) to the Issuer or the Guarantor or the LC Bank without accounting for any profit.

The Trustee and the Agents may accept and shall be entitled to rely conclusively without liability to the Issuer, the Guarantor, the LC Bank, the Bondholders or any other person on any report, confirmation, information or certificate or any opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto 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, information, certificate, opinion or advice, in which case such report, confirmation, information, certificate, opinion or advice shall be binding on the Issuer, the Guarantor, the LC Bank and the Bondholders.

None of the Trustee or the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or these Conditions, or ascertain whether an Event of Default, a Potential Event of Default, a Pre-funding Failure or a Change of Control has occurred, and they shall not be liable to the holders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or these Conditions to exercise any discretion or power, take or refrain from any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction, to seek directions or clarification of directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the LC Bank, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarification of directions from Bondholders or in the event that no such directions or clarification of directions are received by the Trustee.

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

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor, the LC Bank and/or any other person appointed by the Issuer and/or the Guarantor and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer and/or the Guarantor and/or the LC Bank to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

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

16 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and first payment date of interest on them and the timing for the making or submission of the NDRC Post-issue Filing, the submission of the Cross-Border Security Registration and the giving of consequent notices thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 16.

However, such further bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and one interest payment due on such further bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit.

Any further bonds consolidated and forming a single series with the outstanding Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

17 NOTICES

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Global Certificate is held by or on behalf of Euroclear, Clearstream or the Alternative Clearing System (as defined in the Trust Deed), any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear, Clearstream or the Alternative Clearing System, as applicable, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 14.

19 GOVERNING LAW AND JURISDICTION

(a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed and the Guarantor has in the Deed of Guarantee irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed Hanrui International Investment Company Limited (瀚瑞國際投資有限公司) of 29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong as its authorised agent to receive service of process in Hong Kong. If for any reason such authorised agent shall cease to be such agent for service of process, the Issuer and the Guarantor shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) **Waiver of Immunity**

(i) The Guarantor confirms that it is a separate legal and independent entity organised under the Company Law of the PRC; it is an enterprise undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities.

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in the Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, promises to pay such principal and interest on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Payment

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Trustee's Powers

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

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Conditions.

Transfers

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

Cancellation

Cancellation of any Bond represented by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of the Bondholders and the Global Certificate.

Meetings

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

Bondholder's Redemption

The Bondholder's redemption option in Condition 7(c) of the Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

Issuer's Redemption

The option of the Issuer provided for in Condition 7(b) of the Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Conditions.

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

USE OF PROCEEDS

The Issuer estimates that the gross proceeds from this offering will be approximately U.S.$120 million. The Group intends to use the net proceeds from the offering, after deducting relevant commissions and other estimated expenses payable, for refinancing of existing offshore debts.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total borrowings (both current and non-current portions), total equity and total capitalisation of the Guarantor as at 31 December 2020 (i) on an actual basis, (ii) as adjusted to give effect to the issue of the Bonds before deducting commissions and other estimated expenses payable by the Issuer in connection with this offering:

	As at 31 December 2020			
	Actual	**Actual**	**As Adjusted**	**As Adjusted**
	(RMB'000)	**(U.S.$'000)[(1)]**	**(RMB'000)**	**(U.S.$'000)[(1)]**
Current indebtedness				
Short-term loans	6,911,556	1,059,242	6,911,556	1,059,242
Non-current liabilities maturing within one year [(2)]	19,519,721	2,991,528	19,519,721	2,991,528
Other current liabilities [(3)]	10,097,828	1,547,560	10,097,828	1,547,560
Total current indebtedness	**36,529,105**	**5,598,330**	**36,529,105**	**5,598,330**
Non-current indebtedness				
Long-term loans	19,397,508	2,972,798	19,397,508	2,972,798
Bonds payable	14,612,276	2,239,429	14,612,276	2,239,429
Bonds due 2025 [(4)]	–	–	796,050	122,000
Bonds to be issued [(5)]	–	–	783,000	120,000
Total non-current indebtedness	**34,009,784**	**5,212,227**	**35,588,834**	**5,454,227**
Total indebtedness [(6)]	**70,538,889**	**10,810,558**	**72,117,939**	**11,052,557**
Owner's equity	**57,056,702**	**8,744,322**	**57,056,702**	**8,744,322**
Total capitalisation [(7)]	**127,595,591**	**19,554,880**	**129,174,641**	**19,796,879**

Notes:

(1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.525 to U.S.$1.00 on 31 December 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) This amount excludes long-term accounts payable maturing within one year and other non-current liabilities maturing within one year. See Note V-22 to the 2020 Audited Financial Statements.

(3) This amount represents the short-term bonds recognised under other current liabilities. See Note V-23 to the 2020 Audited Financial Statements.

(4) The Issuer issued U.S.$122,000,000 6.50 per cent. guaranteed bonds with a maturity of three years on 7 April 2022 (the "**Bonds due 2025**").

(5) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable by the Issuer in connection with the issuance of the Bonds.

(6) Total indebtedness represents the sum of total current indebtedness and total non-current indebtedness.

(7) Total capitalisation represents the sum of total indebtedness and owner's equity.

Since 31 December 2020, the Group has entered into additional financing arrangements and incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes.

In January 2021, the Guarantor issued RMB580 million in aggregate principal amount of 5.7 per cent. debt financing plan with a maturity of 5 years and RMB500 million in aggregate principal amount of 6.7 per cent. commercial paper with a maturity of one year.

In February 2021, the Guarantor issued RMB1,150 million in aggregate principal amount of 7.1 per cent. private placement notes with a maturity of three years.

In March 2021, the Guarantor issued RMB600 million in aggregate principal amount of 5.78 per cent. corporate bonds with a maturity of two years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In March 2021, the Guarantor issued RMB600 million 7.0 per cent. private placement notes with a maturity of two years.

In April 2021, the Guarantor issued RMB500 million in aggregate principal amount of 6.5 per cent. commercial paper with a maturity of one year.

In May 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In May 2021, Zhenjiang New Area Urban Construction, a subsidiary of the Guarantor, issued U.S.$50 million in aggregate principal amount of offshore credit enhanced bonds due 2022 with a maturity of less than a year.

In June 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB600 million in aggregate principal amount of 5.37 per cent. corporate bonds with a maturity of five years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In July 2021, the Guarantor issued RMB293 million in aggregate principal amount of 7.5 per cent. corporate bonds with a maturity of three years, and RMB210 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In August 2021, the Guarantor issued RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB1,000 million in aggregate principal amount of 4.2 per cent. private placement notes with a maturity of five years, and RMB200 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In September 2021, the Guarantor issued RMB1,000 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In October 2021, the Guarantor issued RMB231 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years and an option to repurchase at the end of the second year, and RMB379 million in aggregate principal amount of 6.5 per cent. short-term corporate bonds with a maturity of one year.

In December 2021, the Guarantor issued RMB1,850 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB800 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In January 2022, the Guarantor issued RMB900 million in aggregate principal amount of 4.3 per cent. private placement notes with a maturity of four years and an option to repurchase at the end of the second year, RMB250 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB280 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In February 2022, the Guarantor issued RMB620 million in aggregate principal amount of 6.0 per cent. short-term corporate bonds with a maturity of one year.

On 7 April 2022, the Issuer issued U.S.$122 million in aggregate principal amount of 6.50 per cent. guaranteed bonds with a maturity of three years.

In addition, the Guarantor has issued various super-short commercial papers with a maturity of less than a year since 31 December 2020. As at the date of this Offering Circular, the outstanding principal amount of such super-short commercial papers amounted to approximately RMB5,400 million.

In addition, on the date of this Offering Circular, the Issuer priced its U.S.$100 million in aggregate principal amount of 6.50 per cent. guaranteed bonds due 2025 which will be guaranteed by the Guarantor and to be consolidated and form a single series with the U.S.$122 million 6.50 per cent. guaranteed bonds due 2025 issued by the Issuer on 7 April 2022 after fulfilling the conditions set out in its terms and conditions, and is expected to be settled on or about 26 April 2022. On the same day, the Issuer priced its U.S.$44 million in aggregate principal amount of 3.80 per cent. credit enhanced guaranteed bonds due 2025 which will be guaranteed by the Guarantor and with the benefit of an irrevocable standby letter of credit issued by Bank of Jiangsu Co., Ltd. Zhenjiang Branch and is expected to be settled on or about 27 April 2022.

Except as otherwise disclosed above, there has been no material and adverse change in the consolidated capitalisation and indebtedness of the Guarantor since 31 December 2020.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that is referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. The Issuer and the Guarantor have taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

*The Bonds will have the benefit of the Standby Letter of Credit which will be issued by China Zheshang Bank Co., Ltd. Nanjing Branch, as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has the capacity to carry on its activities within its scope of authorisation given by China Zheshang Bank Co., Ltd. ("**China Zheshang Bank**" or the "**Bank**"), and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, the Bank would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.*

OVERVIEW

The Bank is a nationwide joint-stock commercial bank which was established in Zhejiang Province, PRC on 26 July 2004 with the approval from the CBRC and is headquartered in Hangzhou, Zhejiang Province. By adopting a full-asset class operation strategy, the Bank has developed into a high-quality commercial bank with a solid foundation, strong profitability and prudent risk control. As at 31 December 2021, the Bank has established 288 branch outlets in 21 provinces, autonomous regions and municipalities, and the Hong Kong Special Administrative Region, effectively covering the Yangtze River Delta, the Bohai Rim, the Pearl River Delta Region and the West Straits Economic Zone and certain areas in the Midwestern China.

In line with the development of information technology, the Bank has fully implemented the platform-based service strategy to build a "dual engine" driven by blockchain and IoT technologies and provide customers with comprehensive financial services which are open, efficient, flexible and easy to use.

The Bank has received a number of awards, recognitions and honours for its business performance and management capabilities over the years, including:

- Third Prize for Financial Technology Development 2020 (2020年金融科技發展三等獎) by The People's Bank of China (中國人民銀行) in December 2021;
- Best Growth-Oriented Bank of the Year in 2021 ("2021財經風雲榜"年度最具成長性銀行) by www.stockstar.com (證券之星) in December 2021;
- Top 100 Listed Companies with Growth Potential in 2021 (2021年度成長力上市公司TOP100) by www.xueqiu.com (雪球) in December 2021;
- Outstanding Social Responsibility Enterprise of the Year (年度社會責任傑出企業) by www.infzm.com (南方週末) in December 2021;
- Best Serving Corporate Bank of the Year (金龍獎—年度最佳服務"專精特新"企業銀行) by www.financialnews.com.cn (金融時報) in December 2021;
- Outstanding Financial Institution of the Year (第十九屆財經風雲榜年度優秀金融機構) by www.hexun.com (和訊) in December 2021;

- Golden Bull Award for Wealth Management Banks (理財銀行金牛) by China Securities Journal (中國證券報) in November 2021;
- Best User Experience Award for Mobile Banking & Digital Finance Business Innovation Award (數位金融業務創新獎) by China Financial Certification Authority (中國金融認證中心) in November 2021; and
- The Gamma Award for Boutique Investment Bank of China 2021(2021年度銀行業精品投行天璣獎) by Securities Times (證券時報) in October 2021.

CORPORATE BANKING SEGMENT

Corporate Business

The Bank provides comprehensive financial products and services, including corporate loans, corporate deposits, and intermediary products and services, to corporate customers. The Bank's core customer group under the corporate banking business is large and medium-sized enterprises, which includes large central state-owned enterprises, local state-owned enterprises and quality private enterprises.

Guided by the full-asset class operation strategy and the "two most" vision (e.g. to be the most competitive nationwide joint-stock commercial bank and Zhejiang's most important financial platform), the Bank's corporate banking business strives to strengthen the innovation of the business model and marketing mechanism, enhance the construction of the foundational customer base, and facilitate transformation and development to improve the core competitiveness of the Bank. The Bank's corporate banking business focuses on cultivating strategic customers to establish long-term and comprehensive relationships and to develop new customers from strategic customers' upstream and downstream business partners.

In addition, the Bank actively seeks to expand the traditional financial service model, exploring a full-chain and comprehensive investment and financial service system and expanding corporate financing channels. The Bank has provided supply chain financing solutions in more than 20 industries, including steel, construction, energy, electricity, food, grain, storage and logistics, automobile, home appliances and farming.

International Business

The Bank provides importers and exporters with a wide range of international settlement services, such as services relating to export letters of credit settlement, export collection, import letters of credit settlement, inward collection, inward remittance, outward remittance and cross-border RMB settlement. For its documentary credit business, the Bank has centralized settlement, and process of all documents for its entire Bank at a processing centre at the head office. For its foreign exchange settlement business, all foreign exchange settlement is also processed at the head office, which reduces the number of intermediate steps and allows for automatic settlement. The Bank also processes over the counter foreign exchange business in a centralized manner. Orders are submitted to sub-centres for processing and examination after having been accepted by each outlet, which helps to ensure efficiency and mitigate operational risks.

The Bank also engages in foreign exchange agency transactions with its customers acting as principals. Its services mainly include services related to spot, forward and swaps transactions, which help its customers to mitigate exchange rate risks and preserve and increase the value of their holdings.

RETAIL SEGMENT

Retail Customers Business

Personal Loans, Personal Deposits and Credit Cards

The Bank is committed to providing a range of high-quality, comprehensive and dedicated financial services and solutions to small and micro-enterprise entrepreneurs and individual business owners through its standardised management method. It also provides residential mortgage loans to retail customers, which includes first-hand housing mortgage loans and second-hand housing mortgage loans. Other personal loans mainly include personal consumption loans and overdrawn credit cards. In addition, the Bank provides time and demand deposits denominated in RMB and foreign currencies services.

The Bank issues debit cards and credit cards to retail customers. The income from its debit cards business is mainly generated from commissions charged to merchants who accept the Bank's cards and service fees charged to cardholders. The Bank is committed to promoting technological innovation and is actively developing virtual credit cards to further optimise its internet financing system.

Wealth Management and Private Banking

The Bank provides its retail customers with a broad range of intermediary business products and services, including wealth management services and private banking services. The Bank is committed to promoting product innovation, channel expansion and services optimisation.

For its wealth management services, the Bank selects underlying assets with relatively low risk and stable returns, and primarily invests in fixed income products, such as bonds, money market instruments and deposits. In addition, the Bank provides retail customers with private banking services. The Bank continues to improve its ability to serve customers, manage wealth and allocate assets by improving products and portfolio of investments and featuring value-added services.

Small Enterprise Business

The Bank promotes the platform-based operation and internet-based transformation of small and micro-enterprise finance and improves the service ability for small and micro-enterprise finance. The Bank accelerates product innovation and promotion, drives the implementation of new businesses such as easy financing for small and micro enterprises, launches the asset pool service for small and micro enterprises and strengthens the development of platform-based projects such as the core enterprise industry chain projects. The Bank also develops online products, strengthens the promotion of the new-generation online processes for digitalization while saving operation costs and resources.

INVESTMENT BANKING SEGMENT

Investment Banking Business

The Bank offers a wide range of investment banking products for both the direct and indirect financing markets to meet the financing needs of customers. The Bank engages in interbank and stock exchange bond underwriting, aiming to offer market-oriented direct financing services to customers to reduce their financing costs and optimise their debt structures. Through its M&A loans and syndicated loans business, the Bank provides customers with comprehensive financing solutions and services to help customers with industry integration, transformation and upgrading. Through the equity financing business, the Bank provides customers with financing channels to meet equity financing needs.

Financial Market Business

The Bank continues to build an FICC comprehensive trading platform integrating proprietary investment and financing, proprietary trading and agency transactions. The Bank has comprehensive financial licenses, covering domestic and overseas fixed income, foreign exchange and precious metal businesses. The Bank also provides related agency services such as bond connect (債券通), foreign exchange on behalf of customers (代客外匯), and precious metal transactions on behalf of customers (代客貴金屬). The Bank has been an active player in domestic foreign currency trading and precious metal markets. In addition, the Bank has become a market maker in the inter-bank bond market for spot securities (general category) and an attempted market maker in the inter-bank RMB foreign exchange markets for forward swaps, spot, options, and gold enquiry, thus further expanding development of financial market businesses of the Bank.

Financial Institution Business

The Bank promotes the operation of financial institution's business to support the bank-wide liquidity management and establish a business system focusing on full-range products and comprehensive service capabilities. The Bank further implements a platform-based service strategy, continues to build a digital platform for customers and actively promotes the construction of an interbank asset pool platform. The Bank was recognized as an "Outstanding Contribution Institution for the 10th Anniversary of China Bond Collateral" (中債擔保品十週年傑出貢獻機構).

Bill Business

The Bank is the third bank in the market to implement full cycle-of-life bill operations, covering bill acceptance, discount, inter-bank discount, rediscount, standard bill and supply chain bill. With the innovation and development of financial technology, the Bank continues to improve the digitisation, automation and integration of the business.

Asset Custodian Business

The Bank provides asset custodian business with a focus on the custody of public funds. The Bank continuously improves the business of licensed financial institutions such as funds, brokerages, insurance, futures, trusts and urban and agricultural merchant banks, and adheres to the integrated and coordinated development of efficiency, quality and scale. The Bank closely follows the market conditions and innovative hotspots, actively sets out various key custodian products and optimises the structure of the custodian business.

ASSET MANAGEMENT SEGMENT

Asset Management Business

The Bank's asset management business provides one-stop solutions to fulfil customers' investment and financing needs. Serving both retail and institutional clients, the Bank has realised income from asset management services fee of RMB529 million for the year ended 31 December 2021. The Bank has successively launched various asset management products, including "Shengxinying" (升鑫贏), "Juxinying" (聚鑫贏) and "Yongxin"(湧薪), covering cash management, fixed income, "fixed income plus" and equity. The Bank received the "Golden Bull Award for Wealth Management Banks" (理財銀行金牛獎) by China Securities Journal in 2021, and its product, " Juxinying B-90 Day Type No. 1 RMB Wealth Management Product (聚鑫贏B-90天型1號人民幣理財產品)", has received the "Golden Bull Award for Wealth Management Banking Products" (銀行理財產品金牛獎).

Capital Markets Business

Through cooperation with investment institutions, the Bank provides equity financing services to customers and promotes relationship development. The Bank liaises and assists investment institutions to make equity investments in customers in combination with the establishment of long-term and stable financial support to small and medium-sized enterprises. For the year ended 31 December 2021, the Bank directed external investment institutions to complete a total of 27 equity investment projects, and cooperated with external investment institutions on 11 investment projects, including four private placement projects.

CROSS-BORDER SEGMENT

Since its establishment in August 2021, the cross-border business of the Bank provides comprehensive cross-border financial services for PRC enterprises investing and operating overseas following the national "Going Out" initiative. The Bank assists enterprises to explore both domestic and international markets, provides access to overseas financing channels and manages to reduce financing costs. Actively responding to the "Belt and Road Initiative" and domestic and international demand "Dual Circulation" strategy, the Bank adjusts to market developments and policy changes. The Bank's cross-border business includes secured financing, investment in bonds, and syndicated loans.

BOARD OF DIRECTORS

The board of directors of the Bank as at 29 March 2022 was comprised of:

Name	Title
Mr. Zhang Rongsen (張榮森)	Executive Director
Ms. Ma Hong (馬紅)	Executive Director
Mr. Chen Haiqiang (陳海強)	Executive Director
Mr. Hou Xingchuan (侯興釧)	Non-executive Director
Mr. Ren Zhixiang (任志祥)	Non-executive Director
Ms. Gao Qinhong (高勤紅)	Non-executive Director
Mr. Hu Tiangao (胡天高)	Non-executive Director
Mr. Zhu Weiming (朱瑋明)	Non-executive Director
Mr. Zheng Jindu (鄭金都)	Independent Non-executive Director
Mr. Zhou Zhifang (周志方)	Independent Non-executive Director
Mr. Wang Guocai (王國才)	Independent Non-executive Director
Mr. Wang Wei (汪煒)	Independent Non-executive Director
Mr. Xu Yongbin (許永斌)	Independent Non-executive Director

GENERAL INFORMATION

The Bank's registered office is located at No. 1788, Hongning Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC. Its website address is www.czbank.com. The latest audited financial information of the Bank shall be deemed to be incorporated in, and to form part of the Offering Circular, and can be accessed free of charge on the website of the Bank and The Stock Exchange of Hong Kong Limited at http://www.czbank.com/en/ and www.hkex.com.hk, respectively. Save for the aforementioned audited financial information, information contained in such filings does not form part of the Offering Circular. The information contained on the websites of the Bank and The Stock Exchange of Hong Kong Limited is subject to change from time to time. No representation is made by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers takes any responsibility for any information contained on the websites of the Bank and The Stock Exchange of Hong Kong Limited.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer is a limited liability company incorporated under the BVI Business Companies Act, 2004. It was incorporated in the British Virgin Islands on 18 May 2016 as a business company and indirectly wholly-owned by the Guarantor. Its registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.

BUSINESS ACTIVITY

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights and powers for the above purposes set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as an indirect wholly-owned subsidiary of the Guarantor and those incidental to the issue of the Bonds and the Previous Bonds (as defined below). As at the date of this Offering Circular, the Issuer has no debt outstanding, except for (a) the 7.95 per cent. guaranteed bonds due 2022 in the aggregate principal amount of U.S.$280 million which were guaranteed by the Guarantor, (b) the 7.95 per cent. guaranteed bonds due 2022 in the aggregate principal amount of U.S.$210 million, which were guaranteed by the Guarantor and were consolidated and formed a single series with the bonds described in (a), (c) the 3.20 per cent. guaranteed bonds due 2023 in the aggregate principal amount of U.S.$114 million, which were guaranteed by the Guarantor and with the benefit of an irrevocable standby letter of credit issued by Bank of Jiangsu Co., Ltd. Zhenjiang Branch, and (d) the 6.50 per cent. guaranteed bonds due 2025 in the aggregate principal amount of U.S.$122 million, which were guaranteed by the Guarantor (collectively, the "**Previous Bonds**").

FINANCIAL STATEMENTS

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

DIRECTORS AND OFFICERS

The sole director of the Issuer is Gong Jian and he does not hold any shares or options to acquire shares of the Issuer.

The Issuer does not have any employees and has no subsidiaries.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is an investment and financing platform of the Zhenjiang Municipal Government that is tasked on an exclusive basis to undertake infrastructure construction and real estate development in the Zhenjiang New Zone and is wholly-owned by Zhenjiang SASAC. Established in 1993, the Group is one of the four infrastructure construction platforms controlled by Zhenjiang SASAC and is designated to carry out the Zhenjiang Municipal Government's blueprint for infrastructure construction and municipal development in the Zhenjiang New Zone. Leveraging strong government support and a diversified business model, the Group has achieved continuous growth in its assets base, recorded strong operating performance over the past few years and played an important role in the urbanisation of Zhenjiang, particularly the Zhenjiang New Zone.

The Group focuses primarily on its infrastructure construction and real estate development businesses but over the years, has developed a wide-ranging business portfolio. The Group's operations and investments are managed and can be classified into four main segments, namely (i) infrastructure construction; (ii) real estate development; (iii) other principal businesses; and (iv) others:

- **Infrastructure Construction.** The Group is the largest and primary entity carrying out infrastructure construction in the Zhenjiang New Zone. The Group is engaged by Zhenjiang SASAC and the Zhenjiang New Zone Management Committee to undertake infrastructure construction projects within the Zhenjiang New Zone, such as construction of roads, standard form factory buildings and other public facilities. In recent years, the Group had completed numerous large-scale infrastructure construction projects, such as Zhenda Road Widening, Modification and Drainage System Construction Project (鎮大公路拓寬改造及排水工程), Wufengshan Road Construction Project (五峰山路道路工程) and Gangnan Road Widening and Modification Project (港南路拓寬改造). As at 31 December 2020, the Group had 16 completed projects without receiving full repurchase amount and another 21 projects under construction (with estimated total investment of RMB891.1 million). For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's infrastructure construction business was RMB527.8 million, RMB1,673.8 million and RMB1,174.4 million, respectively, representing 6.0 per cent., 17.5 per cent. and 12.7 per cent. of the Group's total operating revenue for the same periods.

- **Real Estate Development.** The Group engages in the development of affordable housing (保障性住房), commodity housing (商品房) and commercial real estate (商業地產). The Group has undertaken the construction and development of affordable housing, including relocation housing (拆遷安置房), public-rental housing (公租房) and subsidised housing (經濟適用房), and the redevelopment of shanty areas (棚戶區改造) in Zhenjiang since 2006. The Group is appointed by the Zhenjiang New Zone Management Committee as the entity responsible for the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. During the three years ended 31 December 2020, the Group had completed three affordable housing projects and three commodity housing and commercial real estate development projects. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's real estate development business was RMB2,231.2 million, RMB1,564.2 million and RMB1,074.0 million, respectively, representing 25.2 per cent., 16.3 per cent. and 11.6 per cent. of the Group's total operating revenue for the same periods.

- **Other Principal Businesses.** To better fulfil its role in the continuous economic development and urbanisation of the Zhenjiang New Zone and to ensure sustainable growth of its own operations, the Group has, on the solid foundation of its two core businesses, expanded its portfolio to encompass a broad spectrum of complementary and supplementary business activities, including trading, investment properties, financial services and manufacturing.

  – ***Trading.*** The Group conducts domestic trading of various products, including bulk building materials, agricultural products and chemical products. In 2019, it further expanded the scope of its trading activities and product offerings in a bid to further transform its operations to be more market-oriented. For the years ended 31

December 2018, 2019 and 2020, operating revenue generated from the Group's trading business was RMB1,337.0 million, RMB2,738.9 million and RMB3,756.7 million, respectively, representing 15.1 per cent., 28.6 per cent. and 40.7 per cent. of the Group's total operating revenue for the same periods.

– ***Investment properties.*** This business involves the Group's sale of land parcels, recorded as investment properties, to the Zhenjiang New Zone Land Reserve Centre which acquires land reserves from the Group from time to time to meet requirements of the Zhenjiang New Zone's development plans. As at 31 December 2020, the Group possessed 112 land parcels for its investment properties business. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's investment properties business was RMB3,338.1 million, RMB1,935.3 million and RMB1,701.8 million, respectively, representing 37.7 per cent., 20.2 per cent. and 18.4 per cent. of the Group's total operating revenue for the same periods.

– ***Financial service[1].*** The Group's financial services business comprises the provision of three principal types of services: (i) guarantees; (ii) financial leasing; and (iii) micro-financing. The Group provides guarantees for manufacturing enterprises in the Zhenjiang New Zone, whereas customers of its financial leasing services which include both direct leasing and sale and leaseback services are mainly commercial services providers in Zhenjiang. Its micro-financing services, on the other hand, are primarily provided to small and micro agricultural enterprises and farmers in the Zhenjiang New Zone. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's financial services business was RMB571.4 million, RMB786.8 million and RMB830.7 million, respectively, representing 6.4 per cent., 8.2 per cent. and 9.0 per cent. of the Group's total operating revenue for the same periods.

– ***Manufacturing.*** The Group is primarily engaged in the manufacturing of integrated circuit testing materials. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's manufacturing business was RMB188.9 million, RMB252.1 million and RMB343.2 million, respectively, representing 2.1 per cent., 2.6 per cent. and 3.7 per cent. of the Group's total operating revenue for the same periods.

- **Others.** The Group also conducts other ancillary businesses, including logistics services and property leasing. For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's other businesses was RMB671.8 million, RMB632.6 million and RMB352.1 million, respectively, representing 7.6 per cent., 6.6 per cent. and 3.8 per cent. of the Group's total operating revenue for the same periods.

For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue was RMB8,866.3 million, RMB9,583.8 million and RMB9,232.9 million, respectively, and its total gross profit was RMB2,248.2 million, RMB2,042.9 million and RMB1,854.8 million, respectively. As at 31 December 2020, the Group had total assets of RMB153,147.6 million.

COMPETITIVE STRENGTHS

The Group believes that the competitive strengths outlined below are important to its continued success and future development:

Sole investment and financing platform of the Zhenjiang Municipal Government focusing on infrastructure construction and municipal development within the Zhenjiang New Zone

The Group is an investment and financing platform of the Zhenjiang Municipal Government focusing on infrastructure construction and municipal development in the Zhenjiang New Zone. It is designated to

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[1] This segment represents the Group's business segment described as "similar financial business (petty loan, finance lease, guarantee, etc)" in the Audited Financial Statements, which are included elsewhere in this Offering Circular. See Note V.30 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements.

undertake infrastructure construction, affordable housing development, industrial park development and state-owned assets operation and value preservation. Since its establishment in 1993, the Group has expanded its businesses to other areas, such as high-efficiency agriculture, real estate development, trading and manufacturing, and has played an important role in implementing the Zhenjiang Municipal Government's blueprint for urban development and municipal construction in the Zhenjiang New Zone. The Group has been tasked to perform substantial and critical governmental functions to implement the government's urbanisation policies during the course of its business operations:

- *Increasing urbanisation and development city infrastructure*. In accordance with Zhenjiang Municipal Government's fixed assets investment plan, the Group is engaged by the Zhenjiang New Zone Management Committee to undertake infrastructure construction projects within the Zhenjiang New Zone, such as the construction of roads, standard form factory buildings and other public facilities, to promote the development of public facilities and other municipal infrastructure, and accelerate urbanisation in the Zhenjiang New Zone. As at 31 December 2020, the Group had 16 completed projects without receiving full repurchase amount and another 21 infrastructure construction projects under construction with estimated investment totalling approximately RMB891.1 million.

- *Improving the housing conditions of low-income households*. As one of the key players in the construction and development of affordable housing in Zhenjiang, the Group undertakes such construction and development with the aim of improving the living conditions of households with low incomes. During the three years ended 31 December 2020, the Group had completed three affordable housing projects and three commodity housing and commercial real estate development projects. As at 31 December 2020, the Group had one affordable housing project under construction with a total planned GFA of approximately 418,000 sq.m. and total estimated investment of approximately RMB1,530.0 million. As at 31 December 2020, total amount invested in this project amounted to approximately RMB1,370.0 million.

Strong support from the Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee

As an investment and financing platform of the Zhenjiang Municipal Government, the Group has received strong government support at various levels, which is critical for the Group to carry out large-scale and capital-intensive projects. Such support from the Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee primarily includes:

- *Financial support.* Since its establishment in 1993, the Group has received financial support in various forms from the Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee to support the Group's operations and development, such as capital injections, the return of land grant fees, governmental grants and subsidies and debt repayment. Since 2006, the Zhenjiang New Zone Management Committee and Zhenjiang SASAC, the relevant shareholder of the Guarantor or its predecessor at the time of capital injection, had made capital contributions to the Guarantor on several occasions, and the Guarantor had a registered and paid-in capital of RMB5.5 billion as at 31 December 2020. As at 31 March 2021, the Group was also able to acquire land totaling approximately 7,381 mu from the PRC government due to specific grants provided. Furthermore, in order to support the Group's operations and business development, the Zhenjiang Municipal Government continuously increased its government grant and subsidies to the Group. For the years ended 31 December 2018, 2019 and 2020, the Group received government grants from the Zhenjiang Municipal Government in the amount of RMB292.0 million, RMB492.8 million and RMB510.0 million, respectively. Moreover, part of the Group's borrowings had been recognised as government debts with a promise to be repaid or guaranteed by the local government.

- *Resources consolidation and asset injection.* The Zhenjiang Municipal Government has continuously injected assets, such as equity interests in other companies, into the Guarantor. For example, with the approval and under the guidance of the Zhenjiang Municipal Government, the Guarantor's predecessor, Zhenjiang City Dagang Development and Construction Corporation (鎮江市大港開發建設總公司), merged with Zhenjiang New Zone Dingmao Economic Development Corporation (鎮江新區丁卯經濟開發總公司) and Zhenjiang New Zone Chemical Development

Corporation (鎮江新區化工開發總公司) in 2003 in order to consolidate quality resources and expand the Group's scale. Following the merger, the Group was able to achieve its leading position in infrastructure construction and municipal development in the Zhenjiang New Zone.

- *Preferential tax treatment.* The Group enjoys preferential tax treatment from the PRC government in various forms, such as tax refunds, tax deductions, preferential tax rates and tax exemptions.

Diversified business portfolio with synergies across all segments and operations

The Group believes that a diversified business portfolio will create valuable synergies across its operations and enhance its core businesses that are focused on urban development and municipal construction activities. In this regard, the Group had expanded into trading, financial services, integrated circuit testing services and other areas in recent years. With an ever-growing assortment of business operations, and in turn an increasing scope of capabilities and expertise, the Group will be able to capture opportunities at different levels and across different niche markets to explore new revenue drivers, therefore mitigate the risk of over-reliance on any one business segment and also realise more stable financial returns.

Bearing in mind the Group's holistic role in the development of the Zhenjiang New Zone, and the Zhenjiang New Zone being a key manufacturing base not only in the municipality of Zhenjiang but the wider Jiangsu Province as well, having a diversified business portfolio also ensures that the Group is growing synergistically alongside and aligned with the evolvement of the Zhenjiang New Zone. Conversely, by supporting and facilitating the development of different industries in the Zhenjiang New Zone through the expansion of its own business operations, the Group is creating opportunities for itself to broaden its earning base and achieve greater profitability.

Ample capital resources from diversified financing channels

The Group has access to diversified financing channels to fund its project development, such as bank loans, issuance of debt securities in the domestic and international capital markets, trust financing, asset management products and financial leasing. The Group has cultivated close and extensive relationships with a number of reputable commercial banks, trust companies and other financial institutions in China, which have provided a solid foundation for obtaining low-cost capital for the Group. In addition, the Group issued corporate bonds, short-term commercial papers and medium-term notes to raise funds for its working capital. As at 31 December 2020, the Group had total indebtedness (comprising short-term loans, non-current liabilities maturing within one year (excluding long-term accounts payable maturing within one year and other non-current liabilities maturing within one year), short-term bonds recognised under other current liabilities, long-term loans and bonds payable) in amount of RMB70,538.9 million. As at 31 December 2020, the Group had total credit facilities of RMB38,048.2 million, of which approximately RMB12,038.4 million had not been utilised. The Group has been exploring other channels for low-cost capital to further enhance its diversified financing structure, such as issuance of corporate bonds, asset-backed securities, private placement notes, mid-term notes, super short-term financing bills and short-term financing bills in the domestic capital markets in the PRC. With its diverse sources of funding, the Group believes that it will continue to have access to sufficient capital to support its business operations and expansion.

Experienced management team with sound corporate governance

The Guarantor has established a sound and effective corporate governance structure which is in line with modern corporate governance practice. Its corporate governance system covers various aspects of the Group's daily operations, such as safety, risk management and capital management. The Guarantor has set up five departments (namely the general management department, strategic development and operation department, internal compliance and supervisory department, accounting management department and finance and operation department) to oversee different aspects of the Group's daily operations.

In addition, the Group has established comprehensive risk management and internal control systems. For risk management, the Group conducts daily and periodic safety inspections. The Guarantor conducts comprehensive examinations at least twice for every quarter and its subsidiaries conduct comprehensive examination at least once a month. The risk management committee ensures that the Group's daily operation complies with applicable laws and internal risk control mechanisms. For internal control, as the sole shareholder of the Guarantor, Zhenjiang SASAC participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans of the Group and appoints, and conducts annual appraisals on, the directors, supervisors and senior management of the Guarantor. The Guarantor's senior management and the government regularly have in-depth discussions regarding the key investment projects and essential appraisal procedures are conducted before investment decisions are taken. The Group has established a comprehensive internal control system, including financial management, state-owned asset management, budget management, project fund management, external guarantee management, remuneration management, safety management, investment and financing management and related party transaction management and set up certain internal procedures relating to information disclosure and emergency.

The Group has an experienced senior management team with extensive experience in the management of large state-owned enterprises and companies operating in the related business sectors. See "*Directors, Supervisors and Management*". Under the sound leadership of its management team and leveraging their past experience, the Group has successfully achieved its missions over the years and distinguished itself from its competitors.

BUSINESS STRATEGIES

The Group aims to maintain its key role and importance in the Zhenjiang Municipal Government's overall blueprint for urban planning, municipal construction and rural development. The Group's goal is to grow its assets base, optimise its capital structure and enhance its operational efficiency. To achieve such objectives, the Group intends to focus on the following business strategies:

Leverage the national strategy relating to the integration of the Yangtze River Delta cities to further promote the development and construction of Zhenjiang

According to the city cluster development plan in the Yangtze River Delta region approved and unveiled by the State Council in May 2016, nine cities of Jiangsu Province, including Zhenjiang, are selected as the Yangtze River Delta cities. Leveraging the State's strategy to integrate these cities, the Group will continue to undertake development and construction in the Zhenjiang New Zone and further enhance the infrastructure within this area to provide residents with better services and living environment. The Group believes that this will further strengthen its key position as a leading urban infrastructure developer and fuel the overall economic development in Zhenjiang.

Continue to actively focus on infrastructure construction in the Zhenjiang New Zone

The Group plans to continue to actively leverage the strategic location of Zhenjiang and the Zhenjiang New Zone and increase its focus on urban infrastructure construction and development and its other existing businesses. Over the past few years, through participating and successfully delivering a series of large-scale municipal and urban infrastructure construction projects, the Group has built up a strong presence and achieved a leading market position in the area of urban infrastructure development in Zhenjiang, especially in the Zhenjiang New Zone. Going forward, the Group will continue to focus on undertaking municipal infrastructure construction projects in Zhenjiang. By leveraging its extensive industry and execution experience, the Group believes it will continue to play an important role in Zhenjiang's urban development. The Group intends to continue to work closely with the Zhenjiang Municipal Government, Zhenjiang SASAC and the Zhenjiang New Zone Management Committee to explore innovative models to participate in public infrastructure projects in the evolving PRC regulatory environment. The Group believes that this will further strengthen its key position as a leading urban infrastructure developer in Zhenjiang.

Continue to undertake affordable housing projects in the Zhenjiang New Zone

The Group intends to continue to undertake the development of affordable housing projects in the Zhenjiang New Zone. In recent years, the PRC government has on many occasions emphasised the priority and importance of developing affordable housing and improving housing conditions for low-income households. The Group believes that the demand for housing, especially from the lower-income population, will remain strong. As a key developer and supplier of affordable housing in the Zhenjiang New Zone, the Group will strive to undertake affordable housing projects, particularly large-scale projects, through full utilisation of its proven track record, strong financial position and extensive experience in property development.

Continue to diversify the Group's businesses and to increase investment in businesses that synergise with the Group's core business

The Group intends to continue to focus on its urban construction and municipal development business activities and also the real estate sector. Concurrently, the Group plans to diversify its business portfolio and develop other businesses that would create synergy with its existing business. The Group has carried out businesses such as software development, information technology, consulting and cultural media services for enterprises located in the Zhenjiang New Zone. To coordinate with the Zhenjiang Municipal Government's inward investment promotion plans, the Group in the future will focus on developing business in emerging industries, such as new energy, new materials, aviation manufacturing and emerging information technology. In addition, the Group plans to build up a modern agricultural industrial park with the features of ecological protection, technological demonstration and sightseeing. Through cooperation with leading agricultural enterprises, the Group intends to make use of agricultural products with high efficiency and introduce such agricultural products to fresh markets and supermarkets, thus developing an agricultural industry chain. The Group believes its increased investment in diversified business areas will continue to benefit local social and economic development and that the Group's diversified earnings base will drive the steady growth of its overall income and profitability.

Adhere to prudent risk management system and strict risk control measures

The Group believes a prudent risk management system will contribute minimising the operational and financial risks of the Group and help the Group achieve long term sustainable growth. Therefore, the Group will continue to adopt the following measures to improve its risk management systems:

- Implementing stringent financial reporting and controlling systems with the focus on centralised management in order to ensure strict compliance with the applicable laws and regulations;
- Establishing standard fund management mechanisms to monitor the fund usage and its efficiency and to prevent the risk of fund application, thus increasing the overall management efficiency; and
- Maintaining prudent investment policies to achieve balance between assets and liabilities, between investment returns and risks undertaking, and between core business and non-core businesses.

The Group strives to prudently manage its finances while fulfilling investment and development needs to drive its profitability.

Continue to develop diversified financing channels

The Group has been financing its business development through traditional financing channels, such as bank loans, the issuance of bonds and trust products in the PRC domestic capital market, as well as financial leasing. The Group strives to explore and employ new financing channels, such as conducting bond issuances in international capital markets or establishing specialist funds. In addition, the Group is seeking to build and reinforce close cooperative relationships with financial institutions to secure funding on more favourable terms to better support the Group's financing needs for development and maintain a reasonable and balanced debt structure. As at 31 December 2020, the Group had total credit facilities of RMB38,048.2 million, of which approximately RMB12,038.4 million had not been utilised.

RECENT DEVELOPMENTS

Additional Indebtedness since 31 December 2020

Since 31 December 2020, the Group has entered into additional financing arrangements and incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes.

In January 2021, the Guarantor issued RMB580 million in aggregate principal amount of 5.7 per cent. debt financing plan with a maturity of 5 years and RMB500 million in aggregate principal amount of 6.7 per cent. commercial paper with a maturity of one year.

In February 2021, the Guarantor issued RMB1,150 million in aggregate principal amount of 7.1 per cent. private placement notes with a maturity of three years.

In March 2021, the Guarantor issued RMB600 million in aggregate principal amount of 5.78 per cent. corporate bonds with a maturity of two years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In March 2021, the Guarantor issued RMB600 million 7.0 per cent. private placement notes with a maturity of two years.

In April 2021, the Guarantor issued RMB500 million in aggregate principal amount of 6.5 per cent. commercial paper with a maturity of one year.

In May 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years. In May 2021, Zhenjiang New Area Urban Construction, a subsidiary of the Guarantor, issued U.S.$50 million in aggregate principal amount of offshore credit enhanced bonds due 2022 with a maturity of less than a year.

In June 2021, the Guarantor issued RMB500 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB600 million in aggregate principal amount of 5.37 per cent. corporate bonds with a maturity of five years, and RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In July 2021, the Guarantor issued RMB293 million in aggregate principal amount of 7.5 per cent. corporate bonds with a maturity of three years, and RMB210 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In August 2021, the Guarantor issued RMB600 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of two years, RMB1,000 million in aggregate principal amount of 4.2 per cent. private placement notes with a maturity of five years, and RMB200 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In September 2021, the Guarantor issued RMB1,000 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years.

In October 2021, the Guarantor issued RMB231 million in aggregate principal amount of 7.0 per cent. corporate bonds with a maturity of three years and an option to repurchase at the end of the second year, and RMB379 million in aggregate principal amount of 6.5 per cent. short-term corporate bonds with a maturity of one year.

In December 2021, the Guarantor issued RMB1,850 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB800 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In January 2022, the Guarantor issued RMB900 million in aggregate principal amount of 4.3 per cent. private placement notes with a maturity of four years and an option to repurchase at the end of the second year, RMB250 million in aggregate principal amount of 7.0 per cent. private placement notes with a maturity of two years, and RMB280 million in aggregate principal amount of 5.8 per cent. wealth management direct financing instruments with a maturity of one year.

In February 2022, the Guarantor issued RMB620 million in aggregate principal amount of 6.0 per cent. short-term corporate bonds with a maturity of one year.

On 7 April 2022, the Issuer issued U.S.$122 million in aggregate principal amount of 6.50 per cent. guaranteed bonds with a maturity of three years.

In addition, the Guarantor has issued various super-short commercial papers with a maturity of less than a year since 31 December 2020. As at the date of this Offering Circular, the outstanding principal amount of such super-short commercial papers amounted to approximately RMB5,400 million.

In addition, on the date of this Offering Circular, the Issuer priced its U.S.$100 million in aggregate principal amount of 6.50 per cent. guaranteed bonds due 2025 which will be guaranteed by the Guarantor and to be consolidated and form a single series with the U.S.$122 million 6.50 per cent. guaranteed bonds due 2025 issued by the Issuer on 7 April 2022 after fulfilling the conditions set out in its terms and conditions, and is expected to be settled on or about 26 April 2022. On the same day, the Issuer priced its U.S.$44 million in aggregate principal amount of 3.80 per cent. credit enhanced guaranteed bonds due 2025 which will be guaranteed by the Guarantor and with the benefit of an irrevocable standby letter of credit issued by Bank of Jiangsu Co., Ltd. Zhenjiang Branch and is expected to be settled on or about 27 April 2022.

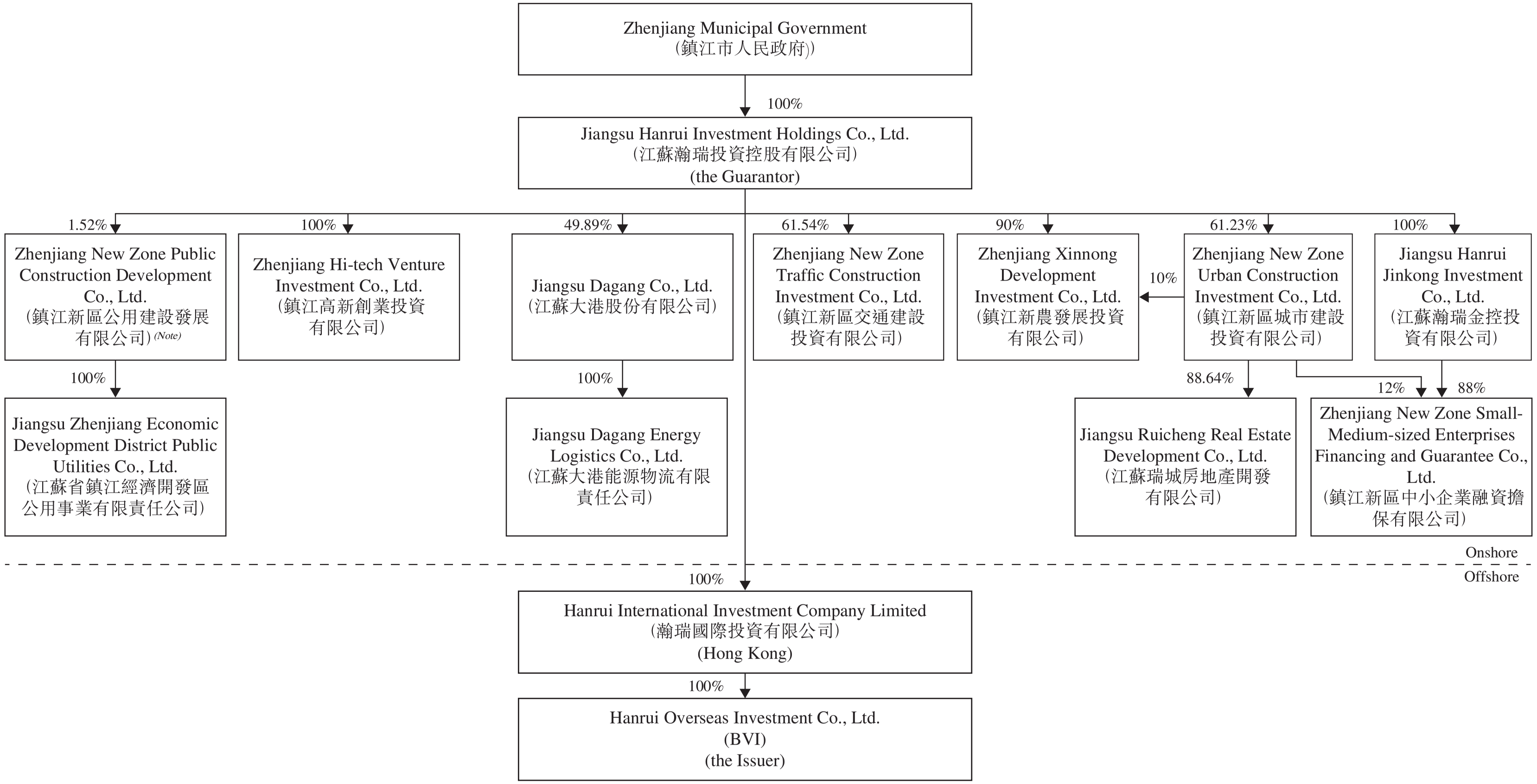
Performance of the Group for the Nine Months Ended 30 September 2021

The Guarantor has prepared and published the 2021 Interim Financial Statements in Chinese on the website of the Shanghai Clearing House at https://www.shclearing.com.cn. However, the 2021 Interim Financial Statements have not been audited nor reviewed and are not subject to an audit or a review by an independent auditor and may be subject to further adjustments. Such financial information 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 or a review. Such unaudited and unreviewed assessment should not be taken as an indication of the Guarantor's or the Group's business, financial condition or results of operation expected for these periods and potential investors should not rely on such interim financial information to evaluate the Guarantor's or the Group's financial condition, results of operation and results for the full year ended 31 December 2021. Such interim results are not necessarily indicative of the Guarantor's or the Group's results to be expected for the full year. The Guarantor's published interim financial results are not incorporated by reference herein and do not constitute part of this Offering Circular. For the avoidance of doubt, the 2021 Interim Financial Statements are not incorporated by reference herein and do not constitute part of this Offering Circular. See "*Risk Factors — Risks Relating to the Group's Financial Statements — The Group publishes and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*" and "*Risk Factors — Risks to the Group's Financial Statements — No audited consolidated financial information as at or for any period after 31 December 2020 of the Group is currently available*".

None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the Guarantor, the Group or the Guarantor's or the Group's business, financial condition or results of operation.

CORPORATE STRUCTURE

The following chart presents a simplified structure of the Group and the shareholding of the Guarantor as at 31 December 2020:



Note:

(1) As at 31 December 2020, despite that the Guarantor only had a 1.52 per cent. shareholding interest in Zhenjiang New Zone Public Construction Development Co., Ltd. (鎮江新區公用建設發展有限公司) ("**Public Construction Development**"), the Guarantor had control over Public Construction Development's finance and operating policies pursuant to the agreement among the Guarantor and other shareholders of Public Construction Development.

HISTORY AND DEVELOPMENT

The Guarantor was formerly known as Zhenjiang City Dagang Development and Construction Corporation (鎮江市大港開發建設總公司) and was founded in 1993. In August 2003, the Guarantor merged with Zhenjiang New Zone Dingmao Economic Development Corporation (鎮江新區丁卯經濟開發總公司) and Zhenjiang New Zone Chemical Development Corporation (鎮江新區化工開發總公司). The Guarantor is wholly owned by Zhenjiang SASAC. As at 31 December 2020, the Group had total assets of RMB153,147.6 million and net assets of RMB57,056.7 million. As at the same date, the Guarantor had registered and paid-in capital of RMB5.5 billion.

Year	Milestone(s)
1993	In May 1993, Zhenjiang City Dagang Development and Construction Corporation, the predecessor of the Guarantor, was established by the Zhenjiang Dagang Economic and Technological Development Zone Management Committee (鎮江市大港經濟技術開發區管理委員會) with an initial registered capital of RMB3 million.
1999	In August 1999, the Zhenjiang Municipal Government changed the name of Zhenjiang City Dagang Development and Construction Corporation to Zhenjiang New Zone State-owned Asset Management Company (鎮江新區國有資產經營管理公司) and increased its registered capital to RMB10 million. The Guarantor was directly owned by the Zhenjiang New Zone Management Committee.
2000	In April 2000, Jiangsu Dagang was established and became listed on the Shenzhen Stock Exchange (stock code: 002077) since 16 November 2006. Its business scope includes industrial park development, infrastructure construction, industrial factory building construction and operation, real estate development, warehousing and industrial investment. The Guarantor held, both directly and indirectly, 50.56 per cent. of the equity interests of Jiangsu Dagang as at 31 December 2019.
2003	In August 2003, under the direction of the Zhenjiang Municipal Government, Zhenjiang New Zone State-owned Asset Management Company, the Guarantor's predecessor, merged with Zhenjiang New Zone Dingmao Economic Development Corporation (鎮江新區丁卯經濟開發總公司) and Zhenjiang New Zone Chemical Development Corporation (鎮江新區化工開發總公司) and changed its name to Zhenjiang New Zone Economic Development Corporation (鎮江新區經濟開發總公司). Its registered capital was increased to RMB70 million.
2006	In July 2006, the registered capital of Zhenjiang New Zone Economic Development Corporation was increased to RMB210 million.
2008	In December 2008, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB380 million.

Year	Milestone(s)
2009	In July 2009, Zhenjiang Xinnong Development Investment Co., Ltd. (鎮江新農發展投資有限公司), Zhenjiang New Zone Hi-tech Industries Investment Co., Ltd. (鎮江新區高新技術產業投資有限公司) and Zhenjiang New Zone Traffic Construction Investment Co., Ltd. (鎮江新區交通建設投資有限公司) were established. In December 2009, the Guarantor issued corporate bonds in the principal amount of RMB1,400 million in China with a rating of "AA" assigned by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司).
2010	In August 2010, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB1.18 billion.
2012	In March 2012, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB2 billion.
2013	The registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB3.5 billion in July 2013 and to RMB5 billion (with paid-in capital of RMB4.5 billion) in December 2013.
2014	The paid-in capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB4.81 billion.
2015	In April 2015, Zhenjiang New Zone Economic Development Corporation changed its enterprise nature from an enterprise-owned-by-the-whole-people to a wholly state-owned company, and changed its name to Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司). In 2015, the paid-in capital of the Guarantor was increased to RMB5.0 billion.
2016	In May 2016, the Guarantor, through its subsidiary, Jiangsu Dagang, completed the acquisition of 100 per cent. of the equity interests in Jiangsu Acetec Semiconductor Co., Ltd. (江蘇艾科半導體有限公司) ("**Acetec Semiconductor**") for consideration of RMB1.1 billion in cash and shares issued. Acetec Semiconductor specialises in the provision of integrated circuit testing services including chip probing, final testing and customised solutions, allowing the Group to expand its business to the integrated circuit market.

Year	Milestone(s)
2019	In June 2019, the registered and paid-in capital of the Guarantor was further increased to RMB5.5 billion. In December 2019, Jiangsu Dagang transferred all of its equity interests and debt interests in two of its subsidiaries engaged in commodity housing and commercial real estate development to external third parties at an aggregate consideration of RMB551.8 million. Following such equity transfers, the Group intends to gradually exit from such businesses. As at the date of this Offering Circular, Jiangsu Dagang still owns two commodity housing and commercial real estate projects which are pending future sale of remaining units. The Group's exit from such businesses will take place after the sale is completed. In December 2019, Jiangsu Dagang transferred all of its equity interests in Acetec Semiconductor to an external third party for consideration of approximately RMB1.4 billion.
2020	The Guarantor has maintained its "AA+" corporate rating assigned by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. for two consecutive years.
2021	CSRC approved the change in industry focus of Jiangsu Dagang from real estate to manufacturing of computers and equipment for communications and other applications. Shenzhen Stock Exchange removed the listed shares of Jiangsu Dagang from the category of special treatment stocks (ST stocks). In November 2021, the registered and paid-in capital of the Guarantor was further increased to RMB6.5 billion.

ZHENJIANG AND THE ZHENJIANG NEW ZONE

Zhenjiang is located in the southwest part of Jiangsu Province on the south bank of the Yangtze River, downstream, with an area of approximately 3,847 square kilometres and a total population of approximately 2.7 million. Situated at the intersection of the Yangtze River and the Beijing-Hangzhou Grand Canal, which is called the "Golden Cross Waterway", Zhenjiang port is one of the most important ports along the Yangtze River. Zhenjiang is also one of the core cities in the Nanjing metropolitan circle. The Yangtze River Delta region, with Shanghai as the leading city, has one of the most dynamic regional economies in China. Being one of the most important ports along the Yangtze River and connecting to the Beijing-Shanghai, Shanghai-Ningbo and Ningbo-Hangzhou high speed railways, Zhenjiang is an important transportation hub. The superior geographic location and convenient land and water transportation provide a solid foundation for the economic development of Zhenjiang. As an important industrial city in the Yangtze River Delta region, Zhenjiang has experienced rapid economic and social development in recent years and its comprehensive strength has increased remarkably. With a dynamic regional economy and strong financial strength, Zhenjiang has a solid foundation to further increase its investment in urban infrastructure construction. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang recorded an annual GRP of RMB422.0 billion in 2020, representing a CAGR of 7.99 per cent. compared to RMB195.7 billion in 2010.

The Zhenjiang New Zone is located in the eastern suburbs of Zhenjiang and it is the only national-level riverside development zone in southern Jiangsu Province. It was established in 1998 through a merger between the Zhenjiang Economic Development Zone (鎮江經濟開發區) and the Zhenjiang Dagang Economic Development Zone (鎮江大港經濟開發區), and became a national-level economic and technological development area in April 2010. The Zhenjiang New Zone is situated at the connecting point of the "T" type industrial layout in China's southeastern coastal areas and is well positioned at the intersection of the Yangtze River and the Beijing-Hangzhou Grand Canal. It is also within the scope of both the Shanghai Economic Circle and the Nanjing Metropolitan Circle and enjoys the benefits from the near-by cities and harbour. Dagang Port Area of Zhenjiang Port, a good deep-water harbour, is located in the Zhenjiang New Zone. The convenient geographical position and well-developed supporting infrastructure provide unique advantages for the development of the Zhenjiang New Zone. Being adjacent to a national-level export processing zone and connected to the Shanghai-Nanjing expressway and railway, the Zhenjiang New Zone also has the advantages of comprehensive, multi-level and multi-form transportation, including waterage, maritime transport, rail transport, highway transport and air transport and is one of the most important areas in Jiangsu Province's and Zhenjiang's development blueprints. Leveraging the dynamic regional economy in Zhenjiang and convenient transportation, the Zhenjiang New Zone attracts more and more enterprises to set up facilities, branches or offices. The rapid growth of the Zhenjiang New Zone is expected to drive rapid land development and infrastructure construction in this area. In 2011, the Zhenjiang New Zone was elected as the top 18 national economic and technology development zones in terms of the comprehensive investment environment evaluation index by MOFCOM. Going forward, the Group expects the development of the Zhenjiang New Zone to remain a key focus for the city of Zhenjiang as part of its overall urbanisation and development plan.

DESCRIPTION OF THE GROUP'S BUSINESSES

Overview

The Group is an investment and financing platform of the Zhenjiang Municipal Government that is tasked on an exclusive basis to undertake infrastructure construction and municipal development in the Zhenjiang New Zone. It focuses on urban infrastructure construction and affordable housing development in the Zhenjiang New Zone and is the designated entity to carry out the Zhenjiang Municipal Government's blueprint for the development of the Zhenjiang New Zone. The Group's operations and investments can be classified into four main segments, namely (i) infrastructure construction; (ii) real estate development; (iii) other principal businesses; and (iv) other businesses.

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

	For the year ended 31 December					
	2018		2019		2020	
	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.
	(audited)					
	(RMB in millions, except for percentages)					
Business segment						
Infrastructure construction	527.8	6.0	1,673.8	17.5	1,174.4	12.7
Real estate development	2,231.2	25.2	1,564.2	16.3	1,074.0	11.6
Other principal businesses						
Trading	1,337.0	15.1	2,738.9	28.6	3,756.7	40.7
Investment properties	3,338.1	37.7	1,935.3	20.2	1,701.8	18.4
Financial services(1)	571.4	6.4	786.8	8.2	830.7	9.0
Manufacturing	188.9	2.1	252.1	2.6	343.2	3.7
Others(2)	671.8	7.6	632.6	6.6	352.1	3.8
Total	**8,866.3**	**100.0**	**9,583.8**	**100.0**	**9,232.9**	**100.0**

Notes:

(1) This amount represents the Group's operating revenue generated from the segment described as "similar financial business (petty loan, finance lease, guarantee, etc)" in the Audited Financial Statements, which are included elsewhere in this Offering Circular. See Note V.30 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements.

(2) Operating revenue from other businesses primarily includes cargo handling and warehousing service fees from the Group's logistics services business and rental income from its property leasing business.

The following table sets forth a breakdown of the Group's gross profit by segment for the periods indicated:

	For the year ended 31 December					
	2018		2019		2020	
	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.
	(audited) (RMB in millions, except for percentages)					
Business segment						
Infrastructure construction	97.4	4.3	297.3	14.6	168.8	9.1
Real estate development	212.5	9.5	193.4	9.5	209.8	11.3
Other principal businesses						
Trading	21.1	0.9	8.9	0.4	29.0	1.6
Investment properties	1,077.6	47.9	460.0	22.5	347.4	18.7
Financial services(1)	530.2	23.6	772.6	37.8	813.3	43.8
Manufacturing	25.3	1.1	(86.8)	(4.3)	156.1	8.4
Others(2)	284.1	12.6	397.6	19.5	130.5	7.0
Total	**2,248.2**	**100.0**	**2,042.9**	**100.0**	**1,854.8**	**100.0**

Notes:

(1) This amount represents the Group's gross profit in respect of the segment described as "similar financial business (petty loan, finance lease, guarantee, etc)" in the Audited Financial Statements, which are included elsewhere in this Offering Circular. See Note V.30 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements.

(2) Gross profit from other businesses primarily includes cargo handling and warehousing service fees from the Group's logistics services business and rental income from its property leasing business.

Infrastructure Construction

Overview

The Group is an investment and financing platform of the Zhenjiang Municipal Government that is tasked by the Zhenjiang New Zone Management Committee on an exclusive basis to undertake infrastructure construction in the Zhenjiang New Zone. The Group mainly undertakes infrastructure construction projects for the Zhenjiang Municipal Government within the Zhenjiang New Zone, such as the construction of roads, standard form factory buildings and other public facilities. The Group also undertakes a small amount of non-government invested infrastructure construction projects, such as the construction of factory buildings for mining companies, commercial real estate or hydropower plants. The Group mainly conducts its infrastructure construction business through two subsidiaries of the Guarantor, namely Zhenjiang New Area Urban Construction and Zhenjiang New Zone Traffic Construction Investment Co., Ltd. (鎮江新區交通建設投資有限公司). In recent years, the Group had completed numerous large-scale infrastructure construction projects, such as Zhenda Road Widening, Modification and Drainage System Construction Project (鎮大公路拓寬改造及排水工程), Wufengshan Road Construction Project (五峰山路道路工程) and Gangnan Road Widening and Modification Project (港南路拓寬改造). As at 31 December 2020, the Group had 16 completed projects with total investment made amounted to RMB4,547.1 million and another 21 infrastructure construction projects under construction with estimated investment totalling approximately RMB891.1 million. As at 31 December 2020, the Group had yet to receive the full repurchase amounts for the 16 completed projects.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's infrastructure construction business was RMB527.8 million, RMB1,673.8 million and RMB1,174.4 million, respectively, representing 6.0 per cent., 17.5 per cent. and 12.7 per cent. of the Group's total operating revenue for the same periods. For the same periods, gross profit generated from the Group's infrastructure construction business was RMB97.4 million, RMB297.3 million and RMB168.8 million, respectively, accounting for 4.3 per cent., 14.6 per cent. and 9.1 per cent. of the Group's total gross profit for the same periods.

Business Model

The Group conducts its infrastructure construction business on an agent construction basis. The Zhenjiang New Zone Management Committee enters into a framework agent construction agreement (委託代建協議) (the "**Agent Construction Agreement**") with the Group annually in accordance with the fixed assets investment plans of the Zhenjiang Municipal Government. The Agent Construction Agreement sets out that the Group is primarily responsible for the construction of municipal infrastructure such as roads, standard form factory buildings and other public facilities within the Zhenjiang New Zone. The Zhenjiang New Zone Management Committee will, at the early stage of a project and in accordance with the project's progression, allocate government financial subsidies to the Group, normally equivalent to 35.0 per cent. of the total investment of the project as the start-up funding of the project. Pursuant to the Agent Construction Agreement, the Group is responsible for management of the specific construction works and raising the remaining funds for the project.

The Group primarily finances infrastructure construction projects through financial subsidies from the Zhenjiang New Zone Management Committee and its own fund-raising activities, mainly in the form of bank loans and corporate bonds. The Zhenjiang New Zone Finance Bureau determines the amount of total investment and financial subsidies for each project by reference to each project's construction plan and government's annual buyback schedule. Upon completion, inspection and acceptance of the construction project and after the project cost has been audited and confirmed by the Group's internal auditing department, auditing firm for the construction project and the Auditing Bureau of the Zhenjiang New Zone, the Zhenjiang New Zone Management Committee will finalise the amount of the Group's revenue for such project, with a profit margin as agreed in the Agent Construction Agreement, and enter into an instalment payment agreement ("**Instalment Payment Agreement**") with the Group in relation to the payment of the Group's revenue, which usually sets out that the outstanding buyback amount will be paid in instalments with a term no later than three years for normal projects or with a term of no later than five years for major projects. The Zhenjiang New Zone Management Committee will make payment plans for such construction project according to the Instalment Payment Agreement and include such instalment payment plan into its annual fiscal budget.

As at 31 December 2020, the Zhenjiang New Zone Management Committee had allocated all the relevant government subsidies and made all the relevant payments in accordance with the relevant Agent Construction Agreement and Instalment Payment Agreement for each of its infrastructure construction project with the Group.

Other than the government-invested projects designated by the Zhenjiang New Zone Management Committee, the Group also undertakes a small amount of non-government invested infrastructure construction projects, such as the construction of factory buildings for mining companies, commercial real estate or hydropower plants. The operating revenue generated by such projects only accounted for a small portion of the Group's operating revenue generated from its infrastructure construction business.

Project Descriptions

Completed Projects

As at 31 December 2020, 16 of the Group's completed infrastructure construction projects had yet to be fully paid for and recognised as operating revenue. The Group's total investment in these infrastructure construction projects amounted to approximately RMB4,547.1 million. As at 31 December 2020, the Group had received payments for these infrastructure construction projects with an aggregate amount of approximately RMB3,211.0 million, representing approximately 58.7 per cent. of the total amounts receivable for these projects. The Group expects to receive the outstanding payments in the amount of approximately RMB2,255.4 million by the end of 2022 according to the relevant payment arrangements.

The particulars of these projects as at 31 December 2020 are set forth below:

							Payment Arrangement		
No.	**Project Name**	**Year of Completion**	**Repayment Period**	**Total Investment**	**Total Buyback Amount Receivable**	**Total Buyback amount received**	**2021**	**2022**	**2023**
				(RMB in millions)					
1.	Nanjing Normal University Primary School and Kindergarten (南師大附小及幼稚園)	2018	2018-2021	450.0	540.0	440.0	100.0	–	–
2	Technology New City Ancillary Facilities Construction Project Phase II (科技新城三期配套工程)	2018	2019-2021	1,173.0	1,408.0	908.0	500.0	–	–
3	Dingmao Utility Tunnel Project Phase I (丁卯地下綜合管廊一期)	2019	2019-2022	1,200.0	1,444.0	722.0	361.0	361.0	–
4	21.5 Kilometres Dike and Gate Station Project (25.1公里堤防及閘站工程)	2019	2019-2022	1,030.0	1,239.0	619.0	310.0	310.0	–
5	Xinhu Senior High (No. 1 Middle School New Area Campus) Construction Project (心湖高級中學(一中新區分校)工程)	2019	2019-2021	350.0	420.0	270.0	150.0	–	–
6	Roads on the Northern Side of Jianghuawei (江化微北側道路)	2020	2020-2021	23.0	27.7	20.0	7.7	–	–
7	Yingchuang Eastside Ancillary Road (贏創東側配套道路)	2020	2020-2021	33.0	39.7	30.0	9.7	–	–
8	Retaining Wall on the Southern Side of Jianghuawei (江化微南側擋土牆)	2020	2020-2021	18.0	21.7	17.0	4.7	–	–
9	Comprehensive Treatment of the Geological Environment of Abandoned Mines (綜合治理廢棄礦山地質環境)	2020	2020-2021	94.0	113.1	85.0	28.1	–	–
10	Dalu Yaoqiao Rural Sewage Collection and Treatment in 2019 (2019年大路姚橋農村污水收集處理)	2020	2020-2021	50.0	60.2	46.0	14.2	–	–
11	Greening Project of Yangtze River Embankment (長江堤防綠化工程)	2020	2020-2021	56.1	67.5	51.0	16.5	–	–
12	East Extension of Peishan Road (Yuqiu Road to Chuishan Road) (培山路東延(禦秋路-圌山路))	2020	2020-2021	15.0	18.4	–	18.4	–	–
13	Ronghai Vehicle Bridge (榮海車行橋)	2020	2021-2022	4.0	4.9	–	4.9	–	–
14	Linjiang East Road (Gangzhong Road-Yandunshan Road) Water Accumulation Point Improvement (臨江東路(港中路-煙墩山路)積水點整治)	2020	2021-2022	20.0	25.0	–	20.0	5.0	–
15	Experimental Primary School Reconstruction and Expansion Project (實驗小學改擴建工程)	2019	2020-2021	30.0	36.0	3.0	33.0	–	–
16	2020 New District Intersection Safety Facilities Improvement Project (2020年新區交叉口安全設施完善工程)	2020	2020-2021	1.0	1.2	–	1.2	–	–
Total		**–**	**–**	**4,547.1**	**5,466.4**	**3,211.0**	**1,579.4**	**676.0**	**–**

Projects under Construction

As at 31 December 2020, the Group had 21 ongoing infrastructure construction projects with total estimated investment of approximately RMB891.1 million and total investment incurred of approximately RMB342.4 million.

The particulars of these projects as at 31 December 2020 are set forth below:

No.	Project Name	Planned Construction Period	Total Estimated Investment	Total Investment Incurred
			(RMB in millions)	
1	Passenger Transport Hub and Infrastructure Supporting Projects and Connecting Roads of Zhenjiang Dagang Station of Lianzhen Railway (連鎮鐵路鎮江大港站客運綜合樞紐及基礎設施配套項目及銜接道路)	2019-2021	160.0	145.0
2	West Extension of Baili Road (Phase I) (百里路西延(一期))	2020-2021	16.5	5.0
3	Yinshan East Road Project (Gangzhong Road-Yinshan South Road) (銀山東路(港中路-銀山南路)道路工程)	2020-2021	19.1	2.5
4	Nangong Road Project (南宮路道路工程)	2020-2021	20.7	5.9
5	Supporting Roads in Wuyue West Plot (吾悅西地塊配套道路)	2020-2021	22.5	–
6	General Survey and Maintenance and Modification of Fire and Other Safety Facilities and Equipment (消防等安全設施設備普查及維修改造)	2018-2021	50.0	35.0
7	Dalu Affordable Housing Supporting Project Phase II (大路安置房二期配套項目)	2019-2021	70.0	26.4
8	Endangered Bridges Alteration (危橋改造)	2019-2021	12.0	2.3
9	2019 Agricultural Road Project (2019年度農路建設)	2019-2021	52.0	15.9
10	Water Administrative Base (水政基地及信息化建設)	2019-2021	12.5	7.1
11	Huayang Road (Gangzhong Road-Yandunshan Road) Construction Project (華陽路(港中路-煙墩山路)建設工程)	2020-2021	49.5	4.2
12	Haixi Road West Extension (孩溪路西延)	2020-2021	18.5	1.1
13	Gaolu Road (高樓路)	2020-2021	3.3	0.4
14	Xinhu Middle School Phase II Project (心湖中學二期工程)	2020-2021	90.0	62.0
15	Zhenjiang New District Sports Park Disaster Prevention Refuge Camp (鎮江新區體育公園防災避難場所)	2020-2021	3.5	0.5
16	New Material Industrial Park Sewage Pipeline Network Transformation Project (新材料產業園污水管網明管化改造)	2020-2021	165.0	2.5
17	Linjiang East Road (Gangzhong Road-Yandunshan Road) Major and Medium Repair Project (臨江東路(港中路-煙墩山路)大中修工程)	2020-2021	35.0	11.5
18	Miaojiawan Road Reconstruction (苗家灣路改造)	2020-2021	20.0	6.0
19	Emergency Flood Control and Rescue Channel for the Yangtze River Embankment in Zhenjiang New Area (鎮江新區長江堤防應急防汛救援通道)	2020-2021	22.0	6.1
20	Closed Management Project of New Material Industrial Park in Zhenjiang New District (鎮江新區新材料產業園封閉管理項目)	2020-2021	29.0	3.0
21	Reconstruction of bus platforms on Jingang Avenue and other roads in 2020 (2020年度金港大道等道路公交站臺改造)	2020-2021	20.0	0.1
	Total	**–**	**891.1**	**342.4**

As at the date of this Offering Circular, the Group has obtained certain requisite permits, certificates and approvals for projects under construction in accordance with their respective construction processes, such as the construction project planning permit and the construction permit. As the projects progress, the Group will apply for other permits, certificates and approvals for these projects, including without limitation, construction project planning permit, environmental assessment and acceptance approval, construction completion certificate, as and when required under the applicable PRC laws. See "*Risk Factors — Risks Relating to the Group's General Operations — The Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Group*".

Projects Planned to be Constructed

As at 31 December 2020, the Group had four projects planned to be constructed with total estimated investment of approximately RMB289.0 million.

The particulars of these projects as at 31 December 2020 are set forth below:

No.	Project Name	Total Estimated Investment	Expected Commencement	Expected Completion
		(RMB in millions)		
1	X1907 Plot (Canal Impression West plot) Supporting Roads (X1907地塊(運河印象西地塊)配套道路)	33.0	2021	2022
2	Yuqiu Road (Gangnan Road-Yihou Road) (禦秋路(港南路-宜候路))	36.0	2021	2022
3	Dingmao Third Central Primary School Construction (丁卯第三中心小學建設)	120.0	2021	2022
4	Dingmao Substation Supporting Power Supply Construction Project (丁卯變配套供電建設項目)	100.0	2021	2022
	Total	**289.0**	**–**	**–**

Real Estate Development

Overview

The Group's real estate business primarily focuses on the development and sale of affordable housing, supplemented by its development of commodity housing and commercial real estate properties. Since 2006, the Group has undertaken the construction and development of affordable housing, including relocation housing, public-rental housing and subsidised housing, and the redevelopment of shanty areas in Zhenjiang. The Group's real estate business is primarily conducted through Jiangsu Dagang and Jiangsu Ruicheng Real Estate Development Co., Ltd. (江蘇瑞城房地產開發有限公司), both of which are subsidiaries of the Guarantor and real estate developers with level-two qualifications. In particular, the Group is appointed by the Zhenjiang New Zone Management Committee as the entity responsible for the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. For the three years ended 31 December 2020, the Group had developed more than 30.0 per cent. of the affordable housing projects in Zhenjiang. The Group's commodity housing and commercial real estate development business activities are primarily conducted through Jiangsu Dagang, a subsidiary of the Guarantor.

For the years ended 31 December 2018, 2019 and December 2020, operating revenue generated from the Group's real estate development business was RMB2,231.2 million, RMB1,564.2 million and RMB1,074.0 million, respectively, representing 25.2 per cent., 16.3 per cent. and 11.6 per cent. of the Group's total operating revenue for the same periods. Correspondingly, gross profit generated from the Group's real estate development business was RMB212.5 million, RMB193.4 million and RMB209.8 million, respectively, accounting for 9.5 per cent., 9.5 per cent. and 11.3 per cent. of the Group's total gross profit for the same periods.

Affordable Housing Development

Business Model

The Group undertakes affordable housing projects under an agent construction basis. The Group enters into an agent construction agreement with the Zhenjiang New Zone Management Committee for each project, which sets out the details of key project aspects, such as project scale, the construction and project management schedule, the project term, financing arrangements, allocation of responsibilities between the parties and the dispute resolution mechanism. Upon completion, inspection and acceptance of the project and after the final auditing of the project costs upon project completion, the Zhenjiang New Zone Management Committee will pay the Group for the construction and development of the project. With respect to relocation housing and subsidised housing, the resident purchasers of such housing units usually pay prices that are jointly determined by the relevant local housing authority and the Group. For public-rental housing, the Housing and Urban-Rural Development Bureau of Zhenjiang Municipality (鎮江市住房和城鄉建設局) usually repurchases the public-rental housing constructed by the Group at buyback prices.

The Group is typically responsible for raising funds for the affordable housing projects. All of the land parcels required for such projects are acquired by the Group through land auctions. The Group selects qualified contractors through public tender and makes advance payments to the contractors according to project progress.

Completed projects

During the three years ended 31 December 2020, the Group had completed three affordable housing projects with a total GFA of approximately 623,874 sq.m. and total investment of approximately RMB2.7 billion. As at 31 December 2020, one of the Group's completed affordable housing projects had yet to be fully paid for.

Projects under construction

As at 31 December 2020, the Group had one ongoing affordable housing project with a planned GFA of approximately 418,000 sq.m. and total estimated investment of approximately RMB1,530.0 million. As at 31 December 2020, total amount invested in this project amounted to approximately RMB1,370.0 million.

The particulars of the Group's project under construction as at 31 December 2020 are set forth below:

No.	Project Name	Commencement	Expected Completion	Expected GFA	Expected Total Investment	Total Amount Invested
				(sq.m.)	(RMB million)	(RMB million)
1	Da Road Relocation Housing Phase II (大路安置房二期)	2018	2021	418,000	1,530.0	1,370.0
	Total	**–**	**–**	**418,000**	**1,530.0**	**1,370.0**

Projects planned to be constructed

As at 31 December 2020, the Group did not have any affordable housing project planned to be constructed.

Commodity Housing and Commercial Real Estate Development

Jiangsu Dagang, the main operating subsidiary of the Guarantor for this business, underwent a business focus transition in 2014 from affordable housing development to commodity housing and commercial real estate development. For the years ended 31 December 2018, 2019 and 2020, the Group's commodity housing and commercial real estate development business generated operating revenue of approximately RMB651.9 million, RMB216.7 million and RMB160.4 million, respectively, representing 29.2 per cent., 13.9 per cent. and 14.9 per cent. of the Group's real estate development segment revenue for the same periods. In December 2019, Jiangsu Dagang transferred all of its equity interests and debt interests in two of its subsidiaries engaged in commodity housing and commercial real estate development to external third parties at an aggregate consideration of RMB551.8 million. Following such equity transfers, the Group intends to gradually exit from such businesses. As at the date of this Offering Circular, Jiangsu Dagang possesses commodity housing and commercial real estates of two projects waiting to be sold in the future. The exit will occur after the sale is completed.

Other Principal Businesses

The Group engages in a wide range of other complementary and supplementary principal businesses, including trading, investment properties, financial services and manufacturing. This enables the Group to not only enjoy benefits from the diversification of its business portfolio and earnings base, but also enhance its operational scale and explore new growth drivers.

Trading

The Group commenced its trading business in 2016, which is conducted primarily through several subsidiaries of the Guarantor, Jiangsu Ruisheng Supply Chain Management Co., Ltd. (江蘇瑞盛供應鏈管理有限公司), Jiangsu Chuishan Agricultural Technology Co., Ltd. (江蘇圖山農業科技有限公司) and Zhenjiang Export Processing Zone Gangcheng International Trade Co., Ltd. (鎮江出口加工區港誠國際貿易有限責任公司). The Group conducts domestic trading of various products, including bulk building materials, agricultural products and chemical products. In 2019, it further expanded the scope of its trading activities and product offerings in a bid to further transform its operations to be more market-oriented.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's trading business was RMB1,337.0 million, RMB2,738.9 million and RMB3,756.7 million, respectively, representing 15.1 per cent., 28.6 per cent. and 40.7 per cent. of the Group's total operating revenue for the same periods. Correspondingly, gross profit generated from the Group's trading business was RMB21.1 million, RMB8.9 million and RMB29.0 million, respectively, accounting for 0.9 per cent., 0.4 per cent. and 1.6 per cent. of the Group's total gross profit for the same periods.

Investment Properties

The Group conducts its investment properties business mainly through the Guarantor and its subsidiary, Zhenjiang New Area Urban Construction. This business involves the Group's sale of land parcels, recorded as investment properties, to the Zhenjiang New Zone Land Reserve Centre which acquires land reserves from the Group from time to time to meet requirements of the Zhenjiang New Zone's development plans. As at 31 December 2020, the Group possessed 112 land parcels for its investment properties business.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's investment properties business was RMB3,338.1 million, RMB1,935.3 million and RMB1,701.8 million, respectively, representing 37.7 per cent., 20.2 per cent. and 18.4 per cent. of the Group's total operating revenue for the same periods. Correspondingly, gross profit generated from the Group's investment properties business was RMB1,077.6 million, RMB460.0 million and RMB347.4 million, respectively, accounting for 47.9 per cent., 22.5 per cent. and 18.7 per cent. of the Group's total gross profit for the same periods.

Financial Services

The Group provides a suite of financial services primarily consisting of guarantees, financial leasing and micro-financing. The Zhenjiang New Zone Small-Medium-sized Enterprises Financing and Guarantee Co., Ltd., the main operating entity of the Group's guarantee services business, is a financial institution based in the Zhenjiang New Zone specialising in credit guarantees, particularly in respect of manufacturing enterprises located in the Zhenjiang New Zone. It is the only one of its kind in Zhenjiang which had obtained an "AA+" credit rating. As at 31 December 2020, the outstanding amount of guarantees provided by the Group amounted to RMB2,556 million. As at the same date, the Group had repaid in aggregate RMB45.9 million in liabilities on behalf of its clients, with a payout ratio of approximately 1.15 per cent. The Group's financial leasing business comprises direct leasing and sale-and-leaseback services. Customers of its financial leasing services are mainly commercial service providers in Zhenjiang. The Group mainly provides micro-financing services to small and micro agricultural enterprises and farmers in the Zhenjiang New Zone. For the year ended 31 December 2020, the repayment ratio upon maturity was 98.1 per cent.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's financial services business was RMB571.4 million, RMB786.8 million and RMB830.7 million, respectively, representing 6.4 per cent., 8.2 per cent. and 9.0 per cent. of the Group's total operating revenue for the same periods. Correspondingly, gross profit generated from the Group's financial services business was RMB530.2 million, RMB772.6 million and RMB813.3 million, respectively, accounting for 23.6 per cent., 37.8 per cent. and 43.8 per cent. of the Group's total gross profit for the same periods[Note].

Manufacturing

The Group is primarily engaged in the manufacturing of integrated circuit testing materials. The Group operates its integrated circuit manufacturing business through two subsidiaries of the Guarantor, Suzhou Keyang Optoelectronic Technology Co., Ltd. (蘇州科陽光電科技有限公司) and Shanghai Minai Semiconductor Co., Ltd. (上海旻艾半導體有限公司). Shanghai Minai Semiconductor Co., Ltd. is the production base of the Group's high-end testing business, with a focus on developing high-end radio frequency ("**RF**") tests (高端射頻測試), such as those for 5G mobile communication systems. Suzhou Keyang Optoelectronic Technology Co., Ltd. provides integrated and value-added circuit testing services to its clients, ranging from development of testing procedures, design verification, testing, provision of testing services, data encryption to test evaluation.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's manufacturing business was RMB188.9 million, RMB252.1 million and RMB343.2 million, respectively, representing 2.1 per cent., 2.6 per cent. and 3.7 per cent. of the Group's total operating revenue for the same periods. For the years ended 31 December 2018 and 2020, gross profit generated from the Group's manufacturing business was RMB25.3 million and RMB156.1 million, respectively, accounting for 1.1 per cent. and 8.4 per cent. of the Group's total gross profit for the same period. However, for the year ended 31 December 2019, the Group's manufacturing business had a gross loss of RMB86.8 million.

Others

The Group also conducts other ancillary businesses, including logistics services and property leasing. The Group's conducts its logistics services business mainly through two subsidiaries of the Guarantor, Zhenjiang City Ganglong Petrochemicals and Port Services Co., Ltd. (鎮江市港龍石化港務有限責任公司), which provides cargo handling and warehousing services, and Jiangsu Ganghui Chemical Co., Ltd. (江蘇港匯化工有限公司), which conducts chemical trade and provides warehousing services. The Group's property leasing business includes leasing of its standard form factory buildings, building premises and commercial properties.

For the years ended 31 December 2018, 2019 and 2020, operating revenue generated from the Group's other businesses was RMB671.8 million, RMB632.6 million and RMB352.1 million, respectively, representing 7.6 per cent., 6.6 per cent. and 3.8 per cent. of the Group's total operating revenue for the same periods. Correspondingly, gross profit generated from the Group's other businesses was RMB284.1 million, RMB397.6 million and RMB130.5 million, respectively, accounting for 12.6 per cent., 19.5 per cent. and RMB7.0 per cent. of the Group's total gross profit for the same periods.

OPERATIONAL PROCESS

The Group's operational process primarily involves project identification, financing, management, on-site management, project monitoring, quality control and project completion.

Note The operating revenue and gross profit mentioned in this paragraph represent the Group's operating revenue generated from and the gross profit in respect of the segment described as "similar financial business (petty loan, finance leas, guarantee, etc)" in the Audited Financial Statements, which are included elsewhere in this Offering Circular. See Note V.30 of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements.

Project Identification

The Group relies on the Zhenjiang New Zone Management Committee to identify and propose new projects for the Group to undertake. The Group will then evaluate the project feasibility and investment budget with the Zhenjiang New Zone Construction Bureau and the Zhenjiang New Zone Management Committee, taking into the account the scale and costs of such project.

Financing

The financing arrangements for each project are arranged by the Group's investment and financing department. For each project, the Group will discuss with banks and determine a proper financing arrangement with the relevant bank. All proposals for any financing arrangements will be reviewed and approved by the Group's senior management. The Group's financing sources include bonds issuances, financial leasing, trust financing and bank loans.

On-site Management

The Group appoints a project manager to facilitate communication and coordinate the relationships between designers, contractors, supervision companies and the government. The project manager prepares and submits a monthly progress report to a manager in charge of the project.

Monitoring of Project Construction

The Group typically engages a supervision company to monitor the construction of each project as well as the project schedule. The Group also cooperates with the specialist in the Construction Bureau of Zhenjiang Municipality in supervising the construction work performed by the contractors. The Construction Bureau of Zhenjiang Municipality will perform the final assessment and inspection of the project to determine whether a project could be accepted.

The actual progress of each project is monitored based on a monthly construction report. Contractors are required to complete their work according to the agreed schedule. No incentives are provided to contractors for completing their work prior to the agreed schedule. However, contractors who fail to meet the schedule may be liable to pay damages to the Group.

Quality Control

The Group provides a project quality assurance certificate whenever they enter into a project agreement. The quality management of a project is monitored by an independent third party who will provide project reports to the Group which will include information on a project's construction quality and progress.

Completion

Upon project completion, the government will inspect the project and check the progress and quality of the completed works.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdiction in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. In 2017, the Group paid administrative penalties totalling RMB1.5 million in relation to compliance-related issues including but not limited to exceeding the government pre-approved construction area limit in relation to certain of its infrastructure construction projects. In 2018, the Group paid administrative penalties totalling RMB12.5 million in relation to compliance-related issues including but not limited to a failure to obtain requisite construction permits in relation to certain of its infrastructure construction projects. In 2019, the Group was subject to an administrative penalty for an amount of RMB28,501 in relation to unauthorised land use and was ordered to restore the subject unauthorised used land parcels to their original state.

Except as disclosed above, the Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. Except as disclosed above, the Group is not aware of significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

RISK MANAGEMENT

The Group has established a risk management committee to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including budget management, invested projects finance management, guarantee management, remuneration management, safety production, subsidiaries management, investment and financing management, connected transaction, information disclosure and incidents management. Each level and department of the Group is well informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group adopts a comprehensive work safety system to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents. The Group believes that it is in compliance in all material respects with applicable safety regulations.

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 the government authorities in the PRC. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, with regard to its construction business, the Group generally purchases insurance for its fixed assets, such as its key equipment, stock and office buildings. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

EMPLOYEES

As at 31 December 2020, the Group had 1,800 employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. For example, in March 2021, the Guarantor received a notice that Everbright Trust had filed in an action against the Guarantor and its subsidiary, Zhenjiang New Area Urban Construction, which claimed the payment of rents under a financing leasing arrangement, as well as relevant interest and legal costs. See "*Risk Factors — Risks Relating to the Group's General Operations — The Group is exposed to litigation risks*".

Except as disclosed in this Offering Circular, to the best of the Guarantor's knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on the Group's financial condition or results of operations.

DIRECTORS

The board of directors of the Guarantor consists of five members, including a chairman and four directors. The board of directors determines major matters of the Guarantor and is primarily responsible for implementing the decisions of and reporting to Zhenjiang SASAC and determining the business plans and investment proposals, making the annual financial budget plans and major financing and restructuring plans, determining the management structure of the Guarantor and appointing the general manager and other senior management of the Guarantor.

The following table sets forth the Guarantor's directors as at the date of this Offering Circular:

Name	Age	Position
Wang Dongxiao (王東曉)	55	Chairman of the board of directors and secretary of the communist party committee of the Guarantor
Sheng Lihua (盛麗華)	47	Employee representative director and chief financial officer
An Mingliang (安明亮)	43	External director
Liu Yujuan (劉玉娟)	46	External director
Fan Ming (範明)	65	External director

Mr. Wang Dongxiao (王東曉) has been the chairman of the board of directors of the Guarantor since September 2018. He is the secretary of the communist party committee of the Guarantor. Mr. Wang previously served as the section chief of Investment Section of Zhenjiang Municipal Planning Commission (鎮江市計劃委員會), the general manager of Zhenjiang New Area Urban Construction, the head of the Zhenjiang New Zone No. 2 Investment Promotion Bureau (鎮江新區招商局二局), a deputy general manager and the general manager of Zhenjiang New Zone Economic Development Corporation. Mr. Wang obtained his master's degree in mechanical engineering from Jiangsu University of Science and Technology (江蘇理工大學) (now known as Jiangsu University (江蘇大學)). He is a member of the Communist Party of China (中國共產黨) (the "**CPC**").

Ms. Sheng Lihua (盛麗華) has been an employee representative director of the Guarantor since January 2021 and the chief financial officer of the Guarantor since March 2021. Ms. Sheng previously served as the accountant in charge of financial department of Zhenjiang Haide Real Estate Co., Ltd. (鎮江海德地產有限公司), the chief financial officer of financial department of Zhenjiang Guoxin Property Co., Ltd. (鎮江國信置業有限責任公司), the accountant in charge, a deputy director and the director of financing plan department of the Guarantor. She is a member of the CPC. Ms. Sheng obtained her bachelor's degree in Accounting from Jiangsu University of Technology (江蘇理工學院). Ms. Sheng has qualified middle-level accounting certification and is a certified public accountant in the PRC.

Mr. An Mingliang (安明亮) has been an external director of the Guarantor since January 2022. Mr. An previously served as the deputy general manager of the Guarantor. He also previously served as the chief of general office of the Finance Bureau of Zhenjiang New Zone (鎮江新區財政局), an assistant to the general manager and the deputy general manager of Zhenjiang New Area Urban Construction, a deputy secretary of the communist party committee of Zhenjiang New Zone Dingmao Sub-district Party Working Committee (鎮江新區丁卯街道黨工委), the general manager of Zhenjiang High-tech Industry Investment Co., Ltd (鎮江高新技術產業投資有限公司), the deputy general manager of Zhenjiang Yinshan Capital Investment and Operation Company (鎮江市銀山資本投資運營公司), and the general manager and a deputy secretary of the communist party committee of Public Construction Development. Mr. An holds a master's degree and is a senior economist. He is a member of the CPC.

Ms. Liu Yujuan (劉玉娟) has been an external director of the Guarantor since January 2022. Ms. Liu previously served as an assistant to the general manager, the deputy director of the finance department and the director of the audit department of Jiangsu Dagang, the general manager of Zhenjiang Ganglong Petrochemical Port Co., Ltd. (鎮江市港龍石化港務有限責任公司), and an assistant to the general manager of Public Construction Development. Ms. Liu holds a bachelor's degree and is a senior accountant. She is a member of the CPC.

Mr. Fan Ming (範明) has been an external director of the Guarantor since December 2021. Mr. Fan also serves as a Level-2 Professor (Professors in China fall into 4 levels) of school of management of Jiangsu University. Mr. Fan previously served as the dean of student affairs office, a deputy secretary of the communist party committee and a vice president of Jiangsu University of Science and Technology (which has been incorporated into Jiangsu University), the secretary of the communist party committee of Yangzhou University (揚州大學) and the secretary of the communist party committee of Jiangsu University. Mr. Fan obtained the Professional Certificate of Independent Directors from Shanghai Stock Exchange (上海證交所). Mr. Fan obtained his bachelor's degree from Jiangsu Technology College (江蘇工學院) (now known as Jiangsu University (江蘇大學)), his master's degree from Shanghai Jiao Tong University (上海交通大學) and his doctor's degree in management science from Hohai University (河海大學). Mr. Fan focuses on the research and teaching of strategy management and human resources management. He is a member of the CPC.

SUPERVISORS

The board of supervisors is responsible for monitoring the Guarantor's financial matters and overseeing the actions of the board of directors and the management of the Guarantor. The board of supervisors currently consists of five supervisors, three of which are designated representatives who may be elected and removed by Zhenjiang SASAC and two of which are representative of the employees and were elected by the Guarantor's labour union.

The following table sets forth the Guarantor's board of supervisors as at the date of this Offering Circular:

Name	Age	Position
Wang Zhuo (王卓)	48	Chairman of the board of supervisors
You Yuandao (尤援道)	57	Supervisor
Yang Liang (楊亮)	33	Supervisor
Luo Diyu (羅滌域)	52	Employee representative supervisor
Mao Wenming (毛文明)	40	Employee representative supervisor

Mr. Wang Zhuo (王卓) has been the chairman of the board of supervisors of the Guarantor since September 2018. Mr. Wang is also a member of the communist party committee and the secretary of the discipline inspection committee of the Guarantor. Mr. Wang previously served as a deputy director of the Office of the Zhenjiang New Zone Management Committee (鎮江新區管委會), a deputy director of the Office of the Zhenjiang New Zone Party Working Committee (鎮江新區黨工委), a deputy director of the Zhenjiang New Zone Dingmao Sub-district Office (鎮江新區丁卯街道辦事處), a deputy director of High Innovation Centre (高創中心), a deputy director of the Local People's Congress Working Committee of the Zhenjiang New Zone Dingmao Sub-district (鎮江新區丁卯街道人大工委) and a deputy director of the Research Office of the Zhenjiang New Zone Party Working Committee (鎮江新區黨工委研究室). Mr. Wang obtained his bachelor's degree in philosophy from Renmin University of China (中國人民大學).

Mr. You Yuandao (尤援道) has been a supervisor of the Guarantor since September 2018. Mr. You is a first-level project manager in Jiangsu Zhongtian Assets Appraisal Office Co., Ltd. (江蘇中天資產評估事務所有限公司). Mr. You previously served as an equipment engineer, a spare-parts engineer and a purchaser of Wuxi Pneumatic Group Co., Ltd. (無錫氣動集團公司) and a project manager of Wuxi Certified Public Accounting Firm (無錫公證會計師事務所). Mr. You obtained his bachelor's degree in mechatronics from Nanjing University of Science and Technology (南京理工大學). He is a registered asset valuer and a registered tax accountant in the PRC.

Mr. Yang Liang (楊亮) has been a supervisor of the Guarantor since September 2018. Mr. Yang is the chief of the First Audit Section of the Auditing Bureau of the Zhenjiang New Zone (鎮江新區審計局). Mr. Yang previously served as a village officer of Yingbin village (迎賓村) of Yaoqiao Town (姚橋鎮) of the Zhenjiang New Zone, an officer of the First Audit Section of the Auditing Bureau of the Zhenjiang New Zone and a deputy chief of the Second Audit Section of the Auditing Bureau of the Zhenjiang New Zone. Mr. Yang obtained his bachelor's degree in accounting from Jinling Institute of Technology (金陵科技學院). He is an intermediate auditor.

Mr. Luo Diyu (羅滌域) has been an employee representative supervisor of the Guarantor since January 2019. Mr. Luo is the leader of the discipline and inspection group of the internal compliance and supervisory department of the Guarantor. He previously served as an engineer and a secretary of plant manager of Jiangsu Sopo (Group) Co., Ltd. (江蘇索普(集團)有限公司), the director of the investment and development department, the director of the enterprise management department, the director of the human resources department and the director of the operation and management centre of Jiangsu Dagang as well as a standing deputy general manager and the general manager of Zhenjiang Dacheng New Energy Co., Ltd. (鎮江大成新能源有限公司). Mr. Luo obtained his master's degree in business administration from Southwest Jiaotong University (西南交通大學). He is a senior economist and a senior engineer.

Mr. Mao Wenming (毛文明) has been an employee representative supervisor of the Guarantor since September 2019. He is a deputy director of the strategic development and operation department and a branch secretary of the communist party committee of the Guarantor. Mr. Mao previously served as the corporate secretary of the Guarantor, an administrative head of the Suzhou subsidiary of Tiandiyuan Co., Ltd. (天地源股份有限公司), the director of the general management department of Shanghai Xinchen Science and Technology Co., Ltd. (上海新臣科技集團有限公司) and the director of the enterprise management department of Kunshan Huayang New Materials Co., Ltd. (昆山華陽新材料股份有限公司). Mr. Mao obtained his master's degree in administrative management from Nanjing Normal University (南京師範大學). He is an intermediate accountant in the PRC.

SENIOR MANAGEMENT

The following table sets forth the Guarantor's senior management as at the date of this Offering Circular:

Name	Age	Position
Wu Min (吳敏)	42	Deputy secretary of the communist party committee of the Guarantor
Wang Maohe (王茂和)	42	General manager
Sheng Lihua (盛麗華)	47	Employee representative director and chief financial officer
Ling Wei (淩薇)	31	Deputy general manager
Tian Miaoqing (田苗青)	51	Deputy general manager
Xue Qin (薛琴)	45	Standing deputy general manager

Mr. Wu Min (吳敏) has been a deputy secretary of the communist party committee of the Guarantor since July 2019. Mr. Wu previously served a director of the Guarantor. He also previously served as the general manager of Jiangsu Dalu Aviation Industry Development Co., Ltd. (江蘇大路航空產業發展有限公司), the secretary of the communist party committee, an executive director and the general manager of Jiangsu Chuishan Tourism Culture Development Co., Ltd. (江蘇圌山旅遊文化發展有限公司), a deputy secretary of the communist party committee and the general manager of the Zhenjiang Yinshan Capital Investment Operation Co., Ltd. (鎮江銀山資本投資運營有限公司). He is a member of the CPC. Mr. Wu obtained his master's degree in accounting from Jiangsu University. He is a certified public accountant in the PRC and an assistant research fellow.

Mr. Wang Maohe (王茂和) has been the general manager of the Guarantor since December 2020. He is also the chairman of the board of directors and the secretary of the communist party committee of Jiangsu Dagang. Mr. Wang previously served as a director of the Guarantor. He also previously served as the head of the planning and securities department of Jiangsu Dagang, a deputy chief of Yaoqiao Town Government (姚橋鎮政府), a standing deputy general manager and the general manager of Jiangsu Dagang, a deputy general manager of the Zhenjiang New Zone Economic Development Corporation and the chairman of the board of directors of Lianyungang Runhai Economic Development Co., Ltd. (連雲港潤海經濟發展有限公司). Mr. Wang is a member of the CPC. Mr. Wang obtained his master's degree in engineering from Jiangsu University and is an economist.

Ms. Sheng Lihua (盛麗華) has been an employee representative director of the Guarantor since January 2021 and the chief financial officer of the Guarantor since March 2021. See "— *Directors*" above.

Ms. Ling Wei (淩薇) has been a deputy general manager of the Guarantor since January 2021. She previously served as a general manager assistant of direct bank department of Zhejiang Tailong Commercial Bank Holding Co., Ltd. (浙江泰隆商業銀行股份有限公司), a project director of Shanghai Bake Information Technology Co., Ltd. (上海八客信息科技有限公司) and the general manager of Jiangsu Hanrui Financial Holding Investment Co., Ltd. (江蘇瀚瑞金控投資有限公司). Ms. Ling obtained her bachelor's degree in Finance from Nanjing Audit University (南京審計大學).

Mr. Tian Miaoqing (田苗青) has been a deputy general manager of the Guarantor since July 2019 and a member of the communist party committee of the Guarantor. Mr. Tian previously served as the general manager and the chairman of the board of directors of the Zhenjiang New Zone Mid and Small Enterprises Financing Guarantee Co., Ltd. (鎮江新區中小企業融資擔保公司), the general manager of the Jingang Rural Micro-Loan Co., Ltd. (金港農村小額貸款公司), the general manager of Hanrui Jinchen Investment Co., Ltd. (瀚瑞錦辰投資有限公司) and a standing deputy general manager and a member of the communist party committee of Jiangsu Dagang. Mr. Tian obtained his bachelor's degree in law from Nanjing University (南京大學) and he is an economist.

Ms. Xue Qin (薛琴) has been a standing deputy general manager of the Guarantor since December 2020 and a member of the communist party committee of the Guarantor. Ms. Xue previously served as the general manager assistant of the Guarantor, the director of the financial department, the chief financial officer and a member of the communist party committee of Jiangsu Dagang. Ms. Xue obtained her bachelor's degree in financial management from Jiangsu University. She is a senior accountant in the PRC.

CORPORATE GOVERNANCE

The Guarantor has established and implemented an effective corporate governance structure. It has set up five departments at the headquarter level (namely the general management department, the strategic development and operation department, the internal compliance and supervisory department, the accounting management department and the finance and operation department). The primary duties of these five departments are sets forth as follows:

- The general management department is primarily responsible for carrying out recruitment, internal training, appraisal, office management, secretarial works and CPC related matters, collecting and analysing employment data, fostering corporate culture and handling internal and external complaints.

- The strategic development and operation department is primarily responsible for researching, administrating and implementing the operation, investment and development strategies of the Guarantor, reporting on proposed investment projects to management, supervising directors and management of the Guarantor's subsidiaries nominated by the Guarantor, carrying out administrative works of the board of the directors, analysing the Guarantor's operating results, monitoring and analysing industry data, trends and related policies, establishing and implementing the Guarantor's annual investment plan and reviewing and supervising the annual investment plans of subsidiaries.

- The internal compliance and supervisory department is primarily responsible for drafting, reviewing and implementing the contracts entered into by the Guarantor, developing, enhancing and implementing the Guarantor's compliance systems in relation to anti-corruption, safety production, project management and asset management, conducting internal legal and anti-corruption trainings, carrying out works in relation to the Group's litigations, designing and enhancing the internal control and auditing system, auditing the financial statements of the Guarantor and its subsidiaries and selecting and coordinating with external independent auditors.

- The accounting management department is primarily responsible for drafting, improving and implementing the Guarantor's capital management policies, financial management and accounting systems and procedures, supervising and monitoring the Guarantor's and its subsidiaries' management of capital resources, preparing budgets and financial accounts and analysing the economic activities of the Guarantor and its subsidiaries.

- The finance and operation department is primarily responsible for establishing and implementing the financing strategies of the Guarantor, appraising value of the collaterals which secure the Group's borrowings, carrying out administrative works in relation to the Group's financing activities, implementing the debt swap programme between the Group and the local government, and promoting the relationship between the Guarantor and other domestic and international financing institutions.

In addition, the Guarantor has established several effective internal control systems, including the accounting management system, the state asset management system, the budget management system, the finance management system for invested projects, the guarantee management system, the remuneration management system, the safety production system, the subsidiaries management system, the investment and financing management system, the connected transaction system, the information disclosure system, the capital operation and management system and the incidents management system. Furthermore, the Guarantor has established various committees: the capital committee, the risk review committee, the investment decision committee, the construction project committee, the asset management committee, the finance and budget committee and the compensation committee. The Guarantor believes that having such a comprehensive structure in place is critical to maintaining sound corporate governance, and in turn contribute to the sustainable growth of the Group.

EXCHANGE RATES

The PBOC sets and publishes on a daily basis 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 two 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 17 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 authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar following a fluctuation in the first half of 2018. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
		(RMB per U.S.$1.00)		
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9081	7.1786	6.6822
2020	6.5250	6.9042	6.5208	7.1681
2021	6.3726	6.4382	6.5716	6.3435
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3693	6.3772	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April (through 15 April)	6.3705	6.3654	6.3775	6.3590

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 Board of Governors of the Federal Bank System.

(2) 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.

This section summarises the principal PRC laws and regulations which are relevant to the PRC legal and judicial systems, foreign debt, the provision of the Guarantee and provision of the Standby Letter of Credit. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations, to the Guarantor or to the LC Bank.

NDRC REGISTRATION IN RELATION TO FOREIGN DEBTS MANAGEMENT

On 14 September 2015, the NDRC issued the NDRC Notice, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Notice abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises. It sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the record-filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the record-filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process and earnestly prevent risks.

For the purposes of the NDRC Notice, "foreign debts" means RMB-denominated or foreign currency-denominated debt instruments with a maturity over one year which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Notice.

Pursuant to the NDRC Notice, an enterprise shall: (i) apply to the NDRC for the record-filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and the repatriation of funds. The NDRC shall decide whether to accept an application within five working days of receipt and shall issue an Enterprise Foreign Debt Pre-issuance Record-filing and Registration Certificate within seven working days of accepting the application and within the limit of the total size of foreign debts.

To issue foreign debts, an enterprise shall meet the following basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Notice, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Notice, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as the Belt and Road strategy, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River

Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Notice is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification. A specific Notice, namely the Circular of the NDRC on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises (關於對房地產企業發行外債申請備案登記有關要求的通知) issued by the General Office of NDRC on 9 July 2019 may be taken into account. The Company undertakes that it will comply with the requirements of the NDRC Notice in respect of the Bonds.

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 CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium-term notes. In order to strengthen the management of local financing platforms and effectively prevent fiscal financial risks, Circular of the State Council on Issues Concerning Strengthening Management of Local Government-backed Financing Platform Companies (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 Circular on Issues Concerning Further Regulating the Issuance of Bonds by Investment and Financing Platforms and Companies Established by Local Governments (關於進壹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 respectively promulgated in June 2010 and November 2010. According to Circular 19, local governments at different levels are required to classify the debts incurred by their financing vehicles into three categories based on the standards and principles set by the State Council and to control and decrease the amount of their outstanding debts. The first category of debts are those incurred relating to the development of projects for public welfare that will be repaid with government funds. The second category of debts are those incurred relating to the development of projects for public welfare that will be repaid with cash flow generated by the projects themselves. The third category of debts are those incurred relating to the development of projects not for public welfare. According to Circular 19, upon the examination and verification of local government, local governments in the PRC may not finance public welfare projects in construction that mainly depend on government funds as repayment sources through financing vehicles, but instead must provide funds through their fiscal budgets or obtain financing from the private sector unless otherwise provided by laws and the State Council. Circular 19 prohibits financing vehicles that perform the sole function of financing public welfare projects and repay the debt mainly by government funds, and local governments are required to confirm the extent of their indebtedness. The financing vehicles that carry out both financing and construction and/or operational function for the public welfare projects should discharge their financing function as soon as the relevant local governments confirm the extent of such government's indebtedness. Pursuant to Circular 2881, a Local Government Financing Vehicle ("**LGFV**") whose asset composition complies with the requirements of Circular 19 shall rely on its internal operating cash flow to finance the payment of more than 70.0% of the cash required to repay its corporate bonds issued in the PRC. If revenue from the construction of public interest projects represents more than 30.0% of such LGFV's total revenue, the LGFV should provide the regulatory authorities that review the application of corporate bonds issuance with information relating to the balance of the local government's debts and other detailed and complete information that demonstrate its ability to repay its indebtedness. In addition, Circular 2881 reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating a security interest over public funds to secure the debts of its financing vehicles, directly or indirectly.

In accordance with the Budget Law (中華人民共和國預算法) which took effect in 1995 (the "**Old Budget Law**"), local governments shall not issue bonds directly, except as otherwise prescribed by laws or the State Council. On 31 August 2014, National People's Congress ("**NPC**") adopted the newly amended Budget Law of the PRC (the "**New Budget Law**"), which became effective from 1 January 2015 and as 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. 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 local governments. 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.

In addition to Circular 43, the MOF, the NDRC, the Ministry of Justice, the PBOC, the CBRC and the CSRC jointly issued Circular 50 on 26 April 2017, which reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments. According to Circular 50, (i) local governments should not inject public assets and land reserves into their financing vehicles, and should not undertake to use the expected income from transfer of land reserves as sources of debt servicing for their financing vehicles; (ii) when providing financing to enterprises such as financing vehicles, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of letter of guarantee, letter of undertaking, letter of comfort or otherwise; (iii) a financing vehicle shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 shall not be regarded as local government debts pursuant to applicable laws.

On 23 October 2014, the 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 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 the MOF, the PBOC and CBRC 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) ("**Circular 40**") which was promulgated by General Office of the State Council and became effective from 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: (i) supporting stock financing needs for projects under construction; (ii) regulating increment financing for projects under construction; (iii) administering in an effective and proper manner follow-up financing for projects under construction; and (iv) improving supporting measures. Further, Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (關於堅決制止地方以政府購買服務名義違法違規融資的通知) ("**Circular 87**") requires local governments and their departments not to take advantage of or make up a contract for the government procurement of services in such a manner that conceals an underlying objective of raising funds for any construction project, or finance from financial institutions or non-financial institutions through government procurement of services, and shall not make up a contract for accounts payable (receivable) by any means or enter into such a contract beyond their respective authority in an attempt to help financing platforms and other types of enterprises raise funds.

On 28 March 2018, the MOF issued Circular 23. According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the New Budget Law, Circular 43 and other requirements, except for purchase of local government debts; (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects of local construction, state-owned financial enterprises shall, under the "penetration principle", ensure that the source of financing entities' capital funds is in compliance with applicable laws and regulations, and that the financing projects satisfy the requirements for the proportion of capital funds; (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involve fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations; and (iv) such documents including the offering circulars shall not disclose information that can implicitly or explicitly indicate the government's endorsement, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit.

On 11 May 2018, the NDRC and the MOF jointly issued Circular 706. According to Circular 706, any enterprise that intends to incur medium and long-term foreign debt is prohibited from including in its assets public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, not-charged pipe network facilities, other public assets and the land use rights of reserve land. Circular 706 also reaffirms that the offering circulars of bonds issuances shall not disclose information that can implicitly or explicitly indicate the government's endorsement of capital raising, such as local financial revenues and expenditures and government debt information or conduct, or imply an association with the government's credit. In addition, the liability of the local government as the shareholder shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 13 September 2018, the General Office of the CPC and the General Office of the State Council jointly issued the Joint Opinion, which establishes targets for the reduction of the average debt-to-asset ratio of state-owned enterprises by 2020 and (consistent with Circular 43 and Circular 50) bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on behalf of local governments. More recently on 6 June 2019, the General Office of the NDRC issued Circular 666, which aims to strengthen the management of local government debts and prevent the risks of medium and long-term foreign debts and implicit debts of local government. Circular 666 expressly limits that use of proceeds derived from the issuance of foreign debts by local state-owned enterprises that undertake local government financing functions is limited to the repayment of medium and long-term foreign debts due within one year. Circular 666 also strengthens the position that local governments and their departments are prohibited from directly repaying or undertaking to repay the foreign debts of local state-owned enterprises with fiscal funds, or providing guarantees for the issuance of foreign debts by local state-owned enterprises, under which the relevant foreign debts should be solely repaid by such enterprises as independent legal persons. It further reaffirms the disclosure requirements under Circular 706 that offering circulars of bonds issuances are prohibited from including such misleading marketing information which may imply an association with the government's credit.

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management on the competency and qualification of market players, the whole process management on the construction projects, and the management on the economic and technical standards of construction projects. The main regulatory authorities include:

- MOHURD (formerly Ministry of Construction of the People's Republic of China, "**MOC**") and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards, etc.

- Ministry of Transport of the People's Republic of China ("**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, "**MOR**") and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide.

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.

- Ministry of Environmental Protection of the People's Republic of China (formerly State Environmental Protection Administration, "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

MAJOR LAWS AND REGULATIONS

Qualification of Construction Enterprises

In accordance with the Construction Law of the People's Republic of China (中華人民共和國建築法) amended by Standing Committee of the National People's Congress (the "**SCNPC**") on 23 April 2019 and became effective on 23 April 2019, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 22 January 2015 which became effective on 1 March 2015 and was amended on 13 September 2016 and 22 December 2018. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) issued by MOHURD on 31 January 2015 which became effective on 1 March 2015 and was amended and become effective on 9 October 2015, 9 November 2015 and 16 January 2020, Criterion for Qualification of Construction Enterprises (建築業企業資質標準) promulgated by MOHURD on 6 November 2014 which became effective on 1 January 2015 and was amended on 9 October 2015 and on 14 October 2016, and Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by MOC on 13 March 2007 which became effective on the same date and was amended on 9 October 2015, Detailed Rules of Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準實施辦法) issued by MOHURD which became effective on 30 November 2010 and was amended and became effective on 9 November 2015, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) promulgated by MOC on 26 June 2007 which became effective on 1 September 2007 and was first amended on 4 May 2015 and became effective on the same date, and was subsequently amended on 13 September 2016 and became effective on 20 October 2016, and was subsequently amended and became effective on 22 December 2018, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見) issued by MOC on 21 August 2007 which became effective on the same date and was amended by MOHURD and became effective on 16 June 2016, Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) promulgated by MOC on 26 June 2007 which became effective on 1 August 2007 and was first amended on 4 May 2015 and became effective on the same date, and was subsequently amended on 13 September 2016 and became effective on 20 October 2016, and was subsequently amended and became effective on 22 December 2018, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) issued by MOC on 31 July 2007 which became effective on the same date and was amended by MOHURD and became effective on 16 June 2016, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include the qualification of general contractor, the qualification of professional contractor and the qualification of construction labour service.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by the SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017 and became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012 and was first amended and became effective on 1 March 2017, and was subsequently amended and became effective on 19 March 2018, and was subsequently amended and became effective on 2 March 2019, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by the NDRC, the MOF, MOR, MOT, MOHURD, Ministry of Industry and Information Technology of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, the State Administration of Radio Film and Television and Civil Aviation Administration of China on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017, Provisions on Construction Projects Where a Bidding Is Legally Required (必須招標的工程項目規定) issued by the NDRC on 27 March 2018 which became effective on 1 June 2018, and Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 which became effective on the same date and was first amended by MOHURD and became effective on 28 September 2018, and was last amended by MOHURD and became effective on 13 March 2019.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (I) (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid. In accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (I) (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)), where the substantive contents such as scope of project, construction period, project quality, construction project price, etc. agreed in the construction contract entered into between the tenderee and the bid winner are inconsistent with the bidding contract, the People's Court shall support a party's claim of making the performance in accordance with the bidding contract, and where the tenderee and the bid winner enter into a separate contract for purchase of the constructed building at a price evidently higher than market price, construction of complementary facilities free of charge, surrendering profits, donation of monies and goods to the builder etc. in addition to the awarded contract, so as to reduce the project price covertly, such separate contract is invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 which became effective on the same date and was amended and became effective on 7 October 2017 and on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) last amended by MOHURD on 1 April 2021 and became effective on the same date, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) amended jointly by MOHURD and the MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD and became effective on 19 October 2009, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC and became effective on 30 June 2000, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 which became effective on 1 October 2004 and its implementation rules promulgated on 1 May 2010.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on 29 June 2002 which became effective on 1 November 2002 and was last amended on 10 June 2021 and became effective on 1 September 2021, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by the State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licences (安全生產許可證條例) by the State Council on 13 January 2004 which became effective on the same date and was amended and became effective on 18 July 2013 and 29 July 2014. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation (《生產安全事故報告和調查處理條例》罰款處罰暫行規定) promulgated by the State Administration of Work Safety and became effective on 12 July 2007, and was subsequently amended on 1 September 2011 and became effective on 1 November 2011, and was subsequently amended on 2 April 2015 and became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC and became effective on 5 July 2004 and was amended on 22 January 2015.

In accordance with the Work Safety Law of the People's Republic of China, Regulation on Work Safety Licences and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor and the general contractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法)

amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and was first amended on 2 July 2016 and was subsequently amended and became effective on 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by the State Council and became effective on 29 November 1998 which was amended on 16 July 2017 and became effective on 1 October 2017.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects, the PRC government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the project owner will undergo an environmental protection acceptance process and prepare an acceptance report.

Environmental Protection

The Environmental Protection Law(環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law(大氣污染防治法), promulgated on 5 September 1987 by the Standing Committee of the National People's Congress, which became effective on 1 June 1988 and was amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018, establishes the legal framework for air pollution prevention in the PRC. The competent authority for ecological environment under the State Council or the people's governments of provinces, autonomous regions and municipalities directly under the Central Government formulates standards for atmospheric environment quality. The competent local environmental protection bureaus shall exercise supervision and administration of the prevention and control of air pollution within each of their respective jurisdictions, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law(水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984 and was amended on 15 May 1996, 28 February 2008 and 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste shall pay a treatment fee to the operators of urban sewage centralised treatment facilities. The competent local governments shall regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997 and was amended on 29 December 2018, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and inspected in accordance with the standards and procedures stipulated by the State prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002 which became effective on 1 September 2003 and was first amended on 2 July 2016 and was subsequently amended and became effective on 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998 which became effective on 29 November 1998 and was amended on 16 July 2017 and became effective on 1 October 2017, and the Interim Measures on Acceptance Inspections for Environmental Protection over Completed Construction Projects (建設項目竣工環境保護驗收暫行辦法), promulgated and became effective by the Ministry of Environmental Protection on 20 November 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011 and was amended and became effective on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and was amended and became effective on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 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 provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities overseas such as transferring or acquiring properties, making non-monetary contributions, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be archived by the central state-owned enterprise and submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with SASAC, where any of the following events take places in connection with a central enterprise or its subsidiaries at all levels:

(1) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;

(2) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;

(3) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or

(4) other circumstances in which property right registration needs to be made. Qualification of a Real Estate Developer.

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) promulgated by MOC on 29 March 2000 which was first amended and became effective on 4 May 2015 and was last amended and became effective on 2 March 2022, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. The competent authorities of housing and urban and rural construction under the State Council is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers.

Engagement in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from RMB50,000 to RMB100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for market regulation for the revocation of the business license.

REGULATIONS CONCERNING CROSS-BORDER GUARANTEE

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Advancing the Foreign Exchange Administration Reform and Enhancing the Review 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的通知) promulgated and effective on 26 January 2017, in order to establish and perfect the administration mechanism of capital flow under the framework of macro-prudential regulation, funds from onshore guarantee under offshore loan are permitted to be repatriated to the PRC; the debtors may repatriate directly or indirectly the funds to the PRC by means of loan or equity investment in the PRC. Where banks perform the security agreement for onshore guarantee under offshore loan, the related foreign exchange settlement and sale shall be calculated into the bank's own foreign exchange settlement and sales management.

Notwithstanding the aforementioned provisions, in light of the Policy Q&A (issue no. 2) on Further Advancing the Foreign Exchange Administration Reform and Enhancing the Review 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的通知》(匯發[2017] 3 號)政策問答(第二期)) promulgated on 27 April 2017, the SAFE has clarified the application of certain relevant clauses regarding the methods and purposes of the funds repatriated to the PRC from onshore guarantee under offshore loan as set forth in Attachment II, Operational Guidance for Administration of Foreign Exchange for Cross-border Guarantee (附件2《跨境擔保外匯管理操作指引》),

of Circular of the State Administration of Foreign Exchange on Promulgation of the Provisions on the Administration of Foreign Exchange for Cross-border Guarantee (《國家外匯管理局關於發佈〈跨境擔保外匯管理規定〉的通知》) promulgated on 19 May 2014:

- Funds under onshore guarantees for offshore loans may only be used for expenditures within the normal scope of business of the debtor, and may not be used to support the debtor in engaging in transactions beyond the normal scope of business, for arbitrage under false trade backgrounds, or for other forms of speculative trading.

- Despite that the debtor may transfer funds under guarantee back to China for use by engaging in lending or making equity investment within China in accordance with Further Advancing the Foreign Exchange Administration Reform and Enhancing the Review of Authenticity and Compliance, the debtor still may not directly or indirectly transfer funds under guarantee back to China for use by engaging in making securities investment within China without the approval of the foreign exchange authority.

- Where any of the following special transactions occurs under an onshore-guarantee-for-offshore-loan contract, it shall comply with the following provisions:

    1. Where the guarantee liability under an onshore guarantee for an offshore loan is to fulfil the repayment obligation for the overseas debtor under the issue of bonds, the domestic institution shall directly or indirectly hold shares in the overseas debtor, the revenues from the overseas issue of bonds shall be used for overseas investment projects in which the domestic institution has equity interests, and the relevant overseas institutions or projects have been approved, registered, recorded or confirmed by the domestic and overseas investment authorities.

    2. Where funds raised under an onshore-guarantee-for-offshore-loan contract are used to directly or indirectly acquire the equity or debt of any other overseas institution (including forming a new overseas enterprise, acquiring the equity of an overseas enterprise, and increasing the capital of an overseas enterprise), the investment shall comply with the relevant overseas investment provisions of the relevant authorities in China.

    3. Where the obligation under an onshore-guarantee-for-offshore-loan contract is to pay for an overseas institution under a derivative transaction, the derivative transaction shall aim at stopping loss and maintaining value, be in line with the scope of principal businesses of the debtor, and have been appropriately authorised by shareholders.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The NPC and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution, enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict with the Constitution or laws arises, the Standing Committee of the NPC has the power to revoke administrative rules, regulations, directives and orders formulated by the State Council.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law (except for some areas) for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

THE PRC JUDICIAL SYSTEM

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court also has its power to give general interpretation on the application of laws in judicial proceedings. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions. The higher level courts supervise the judicial work of the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, on 31 August 2012, on 27 June 2017 and on 24 December 2021, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where the place having connection with the dispute, such as the plaintiff's or the defendant's place of residence, the place where the contract is signed, the place of execution or implementation of the contract or the place of the object of the contract, etc. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case. A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the competent court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the PRC court's examination in accordance with the principal of reciprocity, unless the PRC court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles, public orders or national security, etc.

TAXATION

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

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of China for PRC tax purposes. These beneficial owners are referred to as non-PRC holders of the Bonds in this section. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Income Tax

Pursuant to the EIT Law, effective on 1 January 2008 and amended on 24 February 2017, 29 December 2018 and its implementation regulations, effective on 1 January 2008 and amended on 23 April 2019 enterprises that are established under the laws of foreign countries and territories (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income sourced from both within and outside of the PRC. The implementation regulations of the EIT Law define the location of the "de facto management body" as an "organizational body which effectively manages and controls the production and business operation, personnel, accounting, properties and other aspects of operations of an enterprise."

In addition, the Notice on Issues Concerning the Determination of Chinese-controlled Enterprises Incorporated Overseas as Resident Enterprises on the Basis of Their De Facto Management Bodies (關於境外注冊中資控股企業依據實際管理機構標准認定為居民企業有關問題的通知) issued by the SAT on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group would be classified as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) main assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights, or senior management, reside within the PRC. Pursuant to a circular issued by the SAT which became effective on 1 September 2011 and was most recently amended on 15 June 2018, and relevant rules, a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a "resident enterprise" by the final decision of the provincial or local tax authorities through the application of the foreign enterprise or the investigation of the relevant tax authorities.

If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income from sources both within and outside of the PRC. If a holder of Bonds is required to pay any PRC income tax on interest or gains on the transfer of the Bonds, the value of the relevant holder's investment in the Bonds may be materially and adversely affected. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment or place of business within the PRC or whose income has no connection to its establishment or place of business inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-resident enterprise holder of Bonds (the tax would be withheld at source), and gain from the disposition of the Bonds may be subject to PRC tax, if the interest or gain is treated as PRC-sourced. Further, in accordance with the Individual Income Tax Law of the PRC which was most recently amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations which was amended on 18 December 2018 and took effect on 1 January 2019, if the Issuer is considered to be a PRC tax resident enterprise, the interest payable to the non-resident individual holder of Bonds, and gains realised on the transfer of the Bonds by the non-resident individual holder of Bonds may be subject to PRC individual income tax if such interest or gains are treated as income derived from sources within the PRC (and in the case of interest payments, the tax would be withheld at source). The tax rate is generally 10 per cent. for non-resident enterprise holders of Bonds and 20 per cent. in the case of non-resident individual holders of Bonds, subject to the provisions of any applicable income tax treaty. If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Issuer's non-resident holders of Bonds, the Issuer will be required to pay these additional amounts which will result in receipt by these holders of Bonds of interest payment amounts as if no such withholding had been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Bonds, as well as our profitability and cash flow.

If the LC Bank makes any payments in respect of interest on the Bonds under the Standby Letter of Credit, the LC Bank may be obliged to withhold PRC enterprise income tax at the rate of up to 10 per cent. on such payments to non-PRC resident enterprise Bondholders as such payments will be regarded as being derived from sources within the PRC, and VAT and surcharges at a rate around 6.72 per cent. may also be applicable.

In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, the Guarantor will be obliged to withhold PRC enterprise income tax at a rate of 10 per cent. on such payments to non-resident enterprise holders of Bonds and 20 per cent. for non-resident individual holders of Bonds if such interest payments are deemed to be derived from sources within the PRC. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, which allows a lower rate of withholding tax, such lower rate may apply to qualified non-resident holders of Bonds.

VAT

On 23 March 2016, the MOF issued the 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 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 Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT for VAT purposes. In the event the Issuer is deemed to be in the PRC by the PRC tax authorities, the holders of Bonds may be regarded as providing the financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident holders of Bonds may subject to withholding VAT and surcharges at the rate of around 6.72 per cent. In addition, as the Parent Guarantor is located in the PRC, in the event that the Parent Guarantor is required to fulfil its obligations under the Parent Guarantee by making interest payments on behalf of the Issuer, the Parent Guarantor may be required to withhold VAT and surcharges at a rate of around 6.72 per cent. on such payments to non-resident holders of Bonds if the holders of Bonds are regarded as providing financial services within the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds 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 Bonds is located inside the PRC.

Recently, the Circular on the Adjustment to VAT Rates (關於調整增值稅稅率的通知) ("**Circular 32**") issued by the MOF and the SAT on 4 April 2018 and effective on 1 May 2018, confirms the major relevant policies for adjusting VAT rates as follows: (i) the deduction rates of 17 per cent. and 11 per cent. applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16 per cent. and 10 per cent., respectively, and(ii)for the export goods to which a tax rate of 17 per cent. was originally applicable and the export rebate rate was 17 per cent., the export rebate rate is adjusted to 16 per cent., and for the export goods and cross-border taxable activities to which a tax rate of 11 per cent. was originally applicable and the export rebate rate was 11 per cent., the export rebate rate is adjusted to 10 per cent. According to the Circular on Policies Concerning Deepening the Reform of Value Added Tax (關於深化增值稅改革有關政策的公告) ("**Announcement 39**") promulgated by the MOF, the SAT and General Administration of Customs on 20 March 2019, which took effect on 1 April 2019, the deduction rates of 16 per cent. and 10 per cent. applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13 per cent. and 9 per cent., respectively, and (ii) for the export goods to which a tax rate of 16 per cent. was originally applicable and the export rebate rate was 16 per cent., the export rebate rate is adjusted to 13 per cent., and for the export goods and cross-border taxable activities to which a tax rate of 10 per cent. was originally applicable and the export rebate rate was 10 per cent., the export rebate rate is adjusted to 9 per cent. As Circular 32 and Announcement 39 are relatively new regulations, these confirmatory statements may be subject to further changes upon the issuance of further clarification rules and/or different interpretation by the competent tax authority.

Stamp Duty

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

However, despite the withholding of the PRC tax by us, we have agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds*".

HONG KONG

Withholding tax

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

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets). Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

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

Stamp Duty

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

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands. Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 22 April 2022 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally and not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Managers	**Principal amount of the Bonds to be subscribed**
	U.S.$
Haitong International Securities Company Limited	55,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	50,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	5,000,000
China International Capital Corporation Hong Kong Securities Limited	5,000,000
JQ Securities (Hong Kong) Limited	5,000,000
Total	**120,000,000**

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trade of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained (see "*Risk Factors — Risks Relating to the Bonds, the Guarantee and the Standby Letter of Credit — An active trading market for the Bonds may not develop*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds among individual investors.

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

GENERAL

The distribution of the Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the 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. The 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, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of the Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither the Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor 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, the Guarantor or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and any 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 and the Guarantor in such jurisdiction.

UNITED STATES

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

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

UNITED KINGDOM

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, 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 Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

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

SINGAPORE

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

The Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, 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, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

JAPAN

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

BRITISH VIRGIN ISLANDS

Each of the Joint Lead Managers has represented, warranted and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to purchase or subscribe for any of the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Group's Consolidated Financial Statements included in the Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. The Guarantor is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

GOVERNMENT GRANT

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

REVERSAL OF IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties.

Under IFRS, government-related entities are still treated as related parties.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market and whose fair value cannot be reliably measured, cost model shall be applied.

INVESTMENT PROPERTY

Under PRC GAAP, for a transfer owner-occupied property or inventories to investment property carried at the fair value model, the investment property is measured at its fair value at the date of transfer. If the fair value at the date of transfer is less than the original carrying amount, the difference is charged to profit or loss for the current period. If the fair value at the date of transfer exceeds the original carrying amount, the difference is recognised in owners' equity.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 247123199 and ISIN XS2471231998.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by written resolutions of the sole director of the Issuer on 21 April 2022. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 17 May 2021 and a resolution of the shareholder passed on 31 May 2021. PRC counsel to the Issuer and PRC counsel to the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for the filing of the requisite information and documents with the NDRC within 10 PRC Business Days after the Issue Date and the submission of the Bonds for registration with SAFE within 15 PRC Business Days after the Issue Date. For consequences of non-compliance, see "*Risk Factors — Risks Relating to the Bonds, the Guarantee and the Standby Letter of Credit — Any failure to complete the relevant filings under the NDRC Notice and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.*"

3. **No Material Adverse Change:** Except as disclosed in the Offering Circular, since 31 December 2020, there has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer, the Guarantor or the Group.

4. **Litigation:** Except as disclosed in the Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is not involved in any litigation or arbitration proceedings that the Issuer or Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.

5. **Reliance on Certificates:** Pursuant to the Conditions and the Trust Deed, the Trustee may rely conclusively without liability to Bondholders, the Issuer, the Guarantor, the LC Bank or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor, the LC Bank and the Bondholders.

6. **Available Documents:** So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection from the Issue Date upon prior written request and satisfactory proof of holding and identity at all reasonable times (being between (9:00 a.m. and 3:00 p.m.) during usual business hours at the registered office of the Issuer and, in the case of last three documents mentioned below, at the specified office of the Principal Paying Agent (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom):

   - the articles of association of the Issuer and the Guarantor;
   - the Audited Financial Statements;
   - the Standby Letter of Credit;
   - the Trust Deed;

- the Deed of Guarantee; and
- the Agency Agreement.

7. **Financial Statements:** The Audited Financial Statements, which are included elsewhere in the Offering Circular, have been audited by Suya Jincheng, the Guarantor's independent auditors, as stated in its report appearing herein.

8. **The Bank's Financial Statements:** The latest audited financial information of the Bank shall be deemed to be incorporated in, and to form part of, the Offering Circular. Copies of the latest annual reports containing the latest audited financial information of the Bank, as well as its public filings, can be downloaded free of charge from the website of Bank and The Stock Exchange of Hong Kong Limited at http://www.czbank.com/cn/ and https://www.hkexnews.hk, respectively. No representation, express or implied, is made by the Issuer, the Guarantor, Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them, and none of them takes any responsibility, for the accuracy, completeness or sufficiency of any information available on such website.

9. **LEI:** The legal entity identifier number of the Issuer is 30030011LD4AQF0EGC48.

10. **Listing:** Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Guarantor, the Group or the quality of disclosure in this Offering Circular. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

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