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CHINA WANDA INTERNATIONAL FUNDING PTE. LTD.
(a private company limited by shares incorporated under the laws of Singapore)

U.S.\$100,000,000 7.95 per cent. Fixed Rate Secured Notes due 2020

Issue Price: 98.570 per cent.

The U.S.\$100,000,000 7.95 per cent. Fixed Rate Secured Notes due 2020 (the “**Notes**”) to be issued by China Wanda International Funding Pte. Ltd. (the “**Issuer**”) will be constituted pursuant to a trust deed (the “**Trust Deed**”) to be dated on or about 14 December 2017 between the Issuer and Citicorp International Limited as trustee for the holders of the Notes (the “**Trustee**”). The Notes are limited recourse obligations of the Issuer.

Payments of interest on the Notes will be made semi-annually in arrear on the 14th day of each relevant month (as adjusted for non-Business Days (as provided herein)) commencing on 14 June 2018 in accordance with the priorities of payments described herein.

Subject to Condition 6(f), each Noteholder (as defined herein) will have the right, at such Noteholder’s option, to require the Issuer to redeem all but not some only of that Noteholder’s Notes on (i) a Put Settlement Date (as defined herein) in 2018 at 99.008 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date; or (ii) a Put Settlement Date in 2019 at 99.483 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date.

Following a Loan Acceleration or Loan Prepayment (each as defined herein), the Issuer will redeem the Notes in full on the Early Redemption Date (as defined herein) at the Early Redemption Amount (as defined herein) as at such date.

The Notes will mature on the Expected Maturity Date (or, if applicable, the Legal Maturity Date) at their principal amount.

It is expected that the Notes will, when issued, be assigned an “AA+” rating by Dagong Global Credit Rating Co., Ltd (the “**Rating Agency**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 19 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered only outside the United States in offshore transactions in reliance on Regulation S (Category 1) under the Securities Act.

For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST or quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries or associated companies (if any), or the Notes. There can be no assurance that such listing will be maintained.

The Notes will be issued in registered form in the minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. It is expected that the Notes offered and sold pursuant to Regulation S under the Securities Act will be delivered through the facilities of Euroclear Bank SA/NV as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) on or about 14 December 2017.

Sole Global Coordinator and Sole Lead Manager



Joint Bookrunners



國泰君安國際
GUOTAI JUNAN INTERNATIONAL



中泰國際
ZHONGTAI INTERNATIONAL

The date of this Offering Circular is 13 December 2017.

IMPORTANT NOTICE

Prospective investors should rely only on the information contained in this Offering Circular or to which reference is made herein. The Issuer has not authorised anyone to provide prospective investors with information that is different. This Offering Circular may only be used where it is legal to sell the Notes. The information in this Offering Circular may only be accurate as at the date of this Offering Circular.

Each of the Issuer, the Borrower and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular, and confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, the statements included in this Offering Circular are in every material particular true and accurate and are not misleading in the form and context in which they are included and there are no other facts in relation to the Issuer, the Borrower, the Guarantor, the Notes, the Facility Agreement or the Guarantee, the omission of which would, in the context of the issue and offering of the Notes, and the transaction documents entered into by the Issuer, the Borrower, the Guarantor in connection therewith, make any statement in this Offering Circular misleading in any material respect.

This Offering Circular has been prepared by the Issuer, the Borrower and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Borrower and the Guarantor, Standard Chartered Bank (“**SCB**” or the “**Sole Global Coordinator and Sole Lead Manager**”), Guotai Junan Securities (Hong Kong) Limited (“**GTJA**”) and Zhongtai International Securities Limited (together with SCB and GTJA, the “**Joint Bookrunners**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes 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 Notes and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Agents, the Facility Agent, the MLAB, the Transaction Administrator, the Account Bank, the Borrower or the Guarantor (each as defined below) or any of their respective affiliates, directors, officers or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Borrower, the Guarantor or any of their respective subsidiaries and associates since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the MLAB the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Borrower or the Guarantor to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to, and its contents may be disclosed only to, the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to these restrictions.

None of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors has separately verified the information contained in this Offering Circular. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Notes.

Each person contemplating making an investment in the Notes is deemed to represent that it has conducted its own due diligence, investigation and analysis of the Issuer, the Borrower and the Guarantor and the terms of the offering

including the merits and risks involved, and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. Each investor in the Notes is deemed to represent that it has had access to such information concerning the Notes, the Issuer, the Borrower and the Guarantor as it has deemed necessary and has received all information that it believes is necessary or appropriate in connection with its investment decision to purchase the Notes. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Each person receiving this Offering Circular is deemed to represent and acknowledges that such person has not relied on the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made in connection with the Issuer, the Borrower, the Guarantor, the Facility Agreement, the Guarantee or the issue and offering of the Notes. Each of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB and the Account Bank and each of their respective affiliates, directors, officers and advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular agrees that it will not hold any of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB and the Account Bank and each of their respective affiliates, directors, officers and advisors responsible for any misstatement or omissions in the Offering Circular and waives any claims against such persons arising from or relating to this transaction. None of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors undertakes to review the financial condition or affairs of the Issuer, the Borrower or the Guarantor for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank or any of their respective affiliates, directors, officers or advisors.

The Issuer is of the opinion that the requirements of Articles 404-410 of the Capital Requirements Regulation (the “**CRR**”) and Articles 50-56 of Regulation (EU) No. 231/2013 (“**AIFMR**”) do not apply to the Notes.

Each person receiving this Offering Circular should make an investment in the Notes based on the contents of the final Offering Circular and it acknowledges that any drafts of the Offering Circular (including any preliminary Offering Circular) or any other materials that may have been provided to them prior to the date hereof, are superseded in all respects by the final Offering Circular and such materials should be disregarded for purposes of its investment decision.

The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

PRESENTATION OF INFORMATION

References in this Offering Circular to “**RMB**”, “**CNY**” or “**Renminbi**” are to the lawful currency for the time being of the People’s Republic of China (the “**PRC**”). References in this Offering Circular to “**U.S.\$**”, “**Dollars**”, “**U.S. dollars**”, or “**USD**” are to the lawful currency for the time being of the United States of America (the “**U.S.**” or the “**United States**”). References in this Offering Circular to “**S\$**”, “**Singapore dollars**” or “**SGD**” are to the lawful currency for the time being of the Republic of Singapore (“**Singapore**”).

Capitalised terms used in this Offering Circular, unless otherwise indicated, have the meanings set out in this Offering Circular. A glossary of defined terms appears at the back of this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial statements of the Borrower are prepared in accordance with the generally accepted accounting principles in Singapore and the consolidated financial statements of the Guarantor are prepared in accordance with the generally accepted accounting principles in the PRC.

The audited financial statements of the Guarantor have only been prepared in Chinese and English translations undertaken of such financial statements (the “**Financial Information Translation**”) are included in this Offering Circular for reference only. Should there be any inconsistency between the audited financial statements of the Guarantor and the Financial Information Translation, the audited financial statements in Chinese shall prevail. The Financial Information Translation is qualified in its entirety by, and is subject to the more detailed information and the financial information set out or referred to in, the audited financial statements of the Guarantor. None of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Agents, the Security Trustee, the Transaction Administrator, the Account Bank, the Facility Agent, the MLAB nor their respective affiliates, directors, officers and advisors has independently verified or checked the accuracy of the Financial Information Translation and can give no assurance that the information contained in the Financial Information Translation is accurate, truthful or complete. Consequently, such Financial Information Translation should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or review. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor.

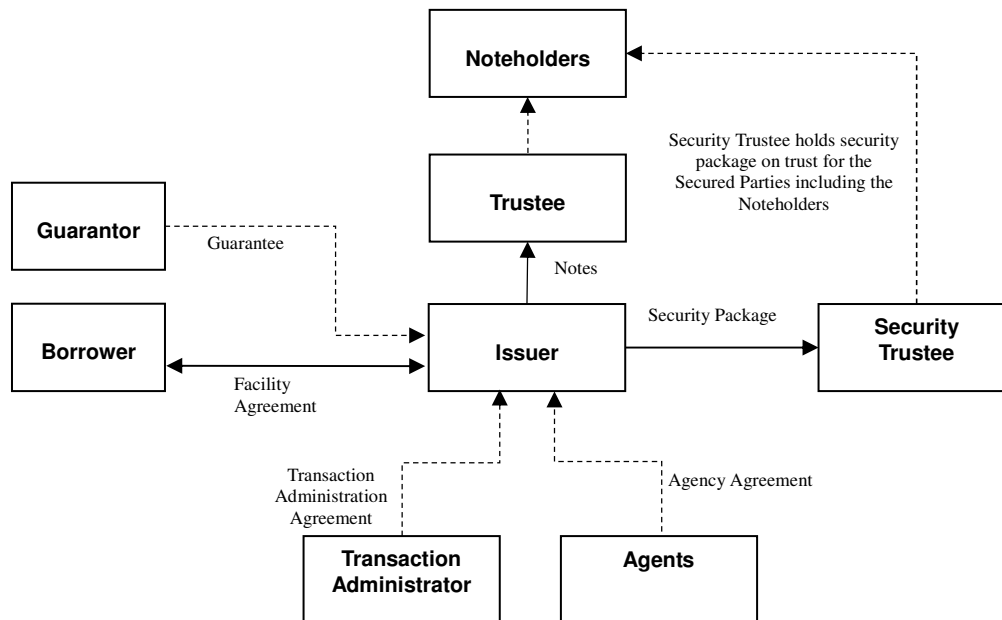
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TRANSACTION SUMMARY

U.S.\$100,000,000 7.95 per cent. Fixed Rate Secured Notes due 2020 (the “Notes”)

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read this Offering Circular in its entirety before making any investment decisions.



Summary

Capitalised terms used in this summary section are defined in the more detailed sections below. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.

On the date of issuance of the Notes (the “**Closing Date**”), the Issuer will apply the proceeds of the issuance of the Notes towards the advance of a loan of U.S.\$100,000,000 under the Facility Agreement (as defined below). The principal and interest payable by the Borrower (as defined below) under the Facility Agreement shall correspond to the principal and interest payable by the Issuer under the Notes. The advance of the aforesaid loans shall be subject to fulfilment of certain conditions precedent under the Facility Agreement, including the issuance of the Guarantee (as defined below). See “*The Facility Agreement – Conditions of Utilisation*” below.

The performance of the Issuer’s obligations under the Notes will be secured by the grant of a first-ranking security pursuant to and described in the Security Assignment (as defined below) and the Accounts Charge (as defined below) in favour of the Security Trustee (for itself and the other Secured Parties (including the Noteholders)).

It is expected that the Notes will, when issued, be assigned an “AA+” rating by the Rating Agency.

KEY TRANSACTION PARTIES

(a) Note-level parties

The Issuer China Wanda International Funding Pte. Ltd. (the “**Issuer**”), a private company limited by shares incorporated in Singapore, will issue the Notes. All of the issued share capital of the Issuer is held on trust pursuant to a shares declaration of trust dated 23 June 2017 and executed by Intertrust (Singapore) Ltd. as trustee.

The Issuer’s sole business will be:

- (a) the advance of a term loan for an amount of up to U.S.\$100,000,000 to the Borrower pursuant to the terms of the Facility Agreement, and acting as beneficiary under the Guarantee to be issued in connection with the Facility Agreement;
- (b) the assignment by way of security to the Security Trustee (as defined below) of substantially all of the Issuer’s property and assets and granting a charge over the Issuer’s bank accounts in favour of the Security Trustee;
- (c) the issuance of the Notes; and
- (d) the entry into and the performance of its obligations under, referred to in, or contemplated by all the documents relating to the Notes.

The Issuer is not affiliated with the Borrower or the Guarantor.

The Issuer Administrator The Issuer will appoint Intertrust Singapore Corporate Services Pte. Ltd. (the “**Issuer Administrator**”) to provide certain management and administrative services to the Issuer pursuant to a letter of appointment dated 4 January 2017.

The Agents The Issuer will appoint Citibank, N.A., London Branch as principal paying agent, registrar and transfer agent (in those capacities, the “**Principal Paying Agent**”, “**Registrar**” and “**Transfer Agent**”, respectively) pursuant to the Agency Agreement (collectively, the “**Agents**”).

The Trustee Citicorp International Limited will act as trustee for the holders of the Notes (the “**Trustee**”).

The Security Trustee Citicorp International Limited will act as security trustee (the “**Security Trustee**”) and hold the Security (as defined below) on behalf of the Noteholders and the other Secured Parties pursuant to the Security Trust Deed. See “*The Notes — Security Package*”.

The Account Bank The Issuer will appoint Citibank, N.A., Hong Kong Branch as its account bank (the “**Account Bank**”) in respect of the Issuer Accounts (as defined below) pursuant to the Transaction Administration Agreement. See “*The Transaction Administration Agreement — The Issuer Accounts*”. The appointment of the Account Bank will be documented by an account bank agreement between the Issuer, the Transaction Administrator and the Account Bank (the “**Account Bank Agreement**”).

The Transaction Administrator The Issuer will appoint Citicorp International Limited (the “**Transaction Administrator**”) to provide certain administrative services in relation to the payment obligations of the Issuer pursuant to the Transaction Documents.

The Rating Agency Dagong Global Credit Rating Co, Ltd (the “**Rating Agency**”).

(b) Asset-level parties

The Lender The lender under the Facility Agreement is the Issuer (the “**Lender**”).

The Borrower The borrower under the Facility Agreement is Hontop Energy (Singapore) Pte. Ltd. (鸿泰能源 (新加坡) 有限公司), a private company limited by shares incorporated under the laws of Singapore (the “**Borrower**”).

The Borrower is established as the overseas trading and financing platform of the Guarantor. The Borrower’s principal activities consist of investment holding, as well as general wholesale trade (including general imports and exports) of products.

The Borrower is a direct wholly-owned subsidiary of the Guarantor, which also owns 50.24 per cent. of Wanda Group Co., Ltd.

The Guarantor The Guarantor under the Guarantee is Wanda Holding Group Co., Ltd. (万达控股集团有限公司) (the “**Guarantor**”).

The Facility Agent Citicorp International Limited shall act as the facility agent under the Facility Agreement (the “**Facility Agent**”).

The Facility Agent must resign if it will not be a FATCA Exempt Party on or after the earliest FATCA Application Date. Additionally, the Facility Agent may resign voluntarily provided that a reputable replacement facility agent is appointed. See “*The Facility Agreement — Replacement of Facility Agent*”.

The Mandated Lead Arranger and Bookrunner Standard Chartered Bank is the mandated lead arranger and bookrunner under the Facility Agreement (the “**MLAB**”).

The MLAB is a party to the Facility Agreement for the sole purposes of:

- (a) obtaining the benefit of certain representations, warranties and indemnities to be given by the Borrower to the Finance Parties under the Facility Agreement; and
- (b) being entitled to the receipt of certain arrangement fees payable by the Borrower on or before the Closing Date in relation to its role as MLAB.

Save as disclosed above, the MLAB has no further rights or obligations under the Facility Agreement.

THE NOTES

The Issuer will issue the Notes to the investors on the Closing Date. The Notes will constitute direct and unconditional obligations of the Issuer and will be secured by the Security Package. See “*The Notes — Security Package*” below.

The Notes will be issued initially in registered global form only, without coupons attached and registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Beneficial interests in the global certificate evidencing the Notes will be shown on, and transfers of beneficial interests in the global certificate will be effected only through, records maintained by Euroclear and Clearstream and their respective participants. The Notes are freely transferable in accordance with their terms and subject to certain restrictions on transfers and sales.

Principal features of the Notes

Issue Price	The Notes will be issued at 98.570 per cent. of their principal amount.
Principal Amount	U.S.\$100,000,000
Interest Rate	7.95 per cent. per annum.

Frequency of payment of interest	Semi-annually, in accordance with the relevant terms of the Notes.
Expected Maturity Date	<p>The day falling six (6) Business Days prior to the Legal Maturity Date (the “Expected Maturity Date”).</p> <p>“Business Day” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Beijing, Singapore, Hong Kong and New York.</p>
Legal Maturity Date	14 December 2020 (the “ Legal Maturity Date ”).
Form and Denomination	The Notes will be issued outside the United States in offshore transactions under Regulation S in registered form and in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof and will be initially evidenced by a global certificate to be deposited on the Closing Date with a common depository for the Clearing Systems.
Clearing Systems	Clearstream and Euroclear (the “ Clearing Systems ”).
Listing	Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST or quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries or associated companies (if any), or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in other currencies) for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Rating	The Notes will, when issued, be assigned an “AA+” rating by the Rating Agency.
Underlying Assets	<p>The Issuer will apply the proceeds from the issuance of the Notes towards the advance to the Borrower of a term loan for an amount of U.S.\$100,000,000 under the Facility Agreement dated on or about 11 December 2017 (the “Facility Agreement”).</p> <p>The Borrower’s repayment obligations under the Facility Agreement are guaranteed up to a maximum amount of U.S.\$200,000,000 by the Guarantor under the letter of guarantee issued by the Guarantor in respect of the Borrower’s obligations under the Facility Agreement (the “Guarantee”).</p> <p>See the section “<i>The Facility Agreement</i>” below for a summary of the key terms of the Facility Agreement.</p>
Security Package	<p>The Issuer will grant first ranking security (the “Security”) pursuant to and described in the Security Assignment and Accounts Charge to the Security Trustee to secure all amounts and obligations owed by the Issuer to the Secured Parties under the Notes and in connection with the Transaction Documents.</p> <p>The Security Trustee shall, in accordance with the terms of the Security Trust Deed, hold the benefit of the Security for itself, the Trustee (for itself and on behalf of the Noteholders), the Agents, the Transaction Administrator, the Issuer Administrator, the Account Bank and the Facility Agent (together, the “Secured Parties”).</p> <p>The key assets subject to the Security shall include:</p> <ul style="list-style-type: none"> (a) the Issuer’s rights under the Facility Agreement and the Guarantee; (b) the Issuer’s rights under each Transaction Document; and (c) the Issuer Accounts.

Note Payment Dates Interest will be payable on the Notes on 14 June 2018 and thereafter semi-annually in arrear on 14 June and 14 December of each year, provided that:

- (a) the initial Note payment date shall be 14 June 2018 as adjusted for Business Days in accordance with paragraph (c) below;
- (b) if the Notes have not been previously redeemed in full, the final Note payment date shall be the Expected Maturity Date (or, if applicable, the Legal Maturity Date); and
- (c) if any note payment date would otherwise fall on a day which is not a Business Day, it shall be adjusted in accordance with the Following Business Day Convention,

(each such note payment date, as so adjusted for Business Days, being a “**Note Payment Date**”).

“**Following Business Day Convention**” means the convention for adjusting any relevant date such that if such relevant date does not fall on a Business Day, it shall be postponed to the next day which is a Business Day.

Interest Period Interest on the Notes will be payable by reference to successive interest periods determined as follows:

- (a) the initial Interest Period will commence on (and include) the Closing Date and end on (but exclude) 14 June 2018;
- (b) each subsequent Interest Period (other than the final Interest Period) will commence on (and include) the last day of the immediately preceding Interest Period and end on (but exclude) the 14th day of the month falling six (6) calendar months from such commencement date, so that each Interest Period will end on (but exclude) 14 June or 14 December of any given year; and
- (c) if the Notes have not been previously redeemed in full, the final Interest Period will commence on (and include) the last day of the interest period ending in June 2020 and end on (but exclude) the Legal Maturity Date,

(each, an “**Interest Period**”).

Redemption on Expected Maturity Date Assuming that no Note Event of Default or Early Redemption occurs, the Notes will be redeemed in full on the Expected Maturity Date at the Redemption Amount as at such date.

Redemption on Legal Maturity Date Unless previously redeemed in full (on the Expected Maturity Date or following the occurrence of a Note Event of Default or Early Redemption), the Issuer will redeem the Notes in full on the Legal Maturity Date at the Redemption Amount as at such date.

The “**Redemption Amount**” means, on any date, an amount equal to the Principal Amount Outstanding of the Notes as at such date plus accrued and unpaid interest thereon to, but excluding, such date.

“**Principal Amount Outstanding**” means the original principal amount of the Notes less the aggregate amount of all principal repayments made on the Notes.

Early Redemption Following a Loan Acceleration or Loan Prepayment, the Issuer will redeem the Notes in full on the Early Redemption Date at the Early Redemption Amount as at such date (such redemption, an “**Early Redemption**”).

“**Early Redemption Amount**” means, on any date, an amount equal to the sum of (i) the Principal Amount Outstanding of the Notes as at such date (ii) accrued interest thereon to, but excluding, such date, and (iii) the Early Termination Fee (as defined in the section below entitled “*The Facility Agreement – Early Termination Fee*”) under the Facility Agreement

(the “**Early Redemption Fee**”).

“**Early Redemption Date**” means the date falling eight (8) Business Days after the earlier of (i) the date on which the acceleration in full of the Facility Agreement occurs and (ii) the Facility Agreement becomes due for repayment pursuant to Loan Prepayment, as notified to the Transaction Administrator by the Facility Agent.

“**Loan Acceleration**” means the acceleration in full of the Facility Agreement in accordance with its terms.

“**Loan Prepayment**” means the mandatory prepayment or voluntary full prepayment of the Facility Agreement in accordance with its terms.

Where the Issuer (as sole Lender under the Facility Agreement) has the right to accelerate or request for prepayment under the Loan, Noteholders may instruct the Issuer to exercise such right by passing an Extraordinary Resolution.

Redemption at the option of Noteholders

Each Noteholder will have the right, at such Noteholder’s option, to require the Issuer to redeem all but not some only of that Noteholder’s Notes on (i) a Put Settlement Date in 2018 at 99.008 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date; or (ii) a Put Settlement Date in 2019 at 99.483 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date (each of these amounts, the “**Put Settlement Amount**”). To exercise such right, the relevant Noteholder must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a “**Put Exercise Notice**”), together with the Certificates evidencing the Notes to be redeemed (if applicable), not more than 60 Business Days and not less than 30 Business Days prior to:

- (a) the Note Payment Date falling in December 2018 for redemption on such Note Payment Date; or
- (b) the Note Payment Date falling in December 2019 for redemption on such Note Payment Date,

each such Note Payment Date being a “**Put Settlement Date**”.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes held by the relevant Noteholder subject to the Put Exercise Notice and the Certificates evidencing the Notes to be redeemed (if applicable) being delivered as aforesaid on the applicable Put Settlement Date.

For the avoidance of doubt, no redemption at the option of Noteholders will take place if the relevant Put Settlement Date falls on the same date as the Early Redemption Date for the early redemption by the Issuer pursuant to Condition 6(b).

Withholding tax

All payments by the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges relating to Singapore unless such withholding or deduction is required by law or made for or on account of FATCA. In such event, the Issuer shall not be obliged to pay any additional amount to the Noteholders in respect of such withholding or deduction.

“**Code**” means the U.S. Internal Revenue Code of 1986.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an

intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above;

- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (d) any treaty, law, regulation, instruction or other official guidance analogous to paragraphs (a) or (b) of this definition enacted or amended in any other jurisdiction from time to time, and any agreement pursuant to the implementation of any such treaty, law, regulation, instruction or other official guidance with any governmental or taxation authority in any jurisdiction.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “ITA”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Conditions precedent to issue of the Notes

Usual and customary conditions precedent for a transaction of this nature including, but not limited to, (a) all conditions precedent to the drawdown of the Facility Agreement having been satisfied; (b) the Rating Agency issuing a confirmation of the expected rating of the Notes, (c) evidence that the Note Expense Account will be fully funded with an amount of U.S.\$2,000 and (d) the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners being satisfied that all of the prospective investors in the Notes have or will comply with their respective purchase obligations in respect of the Notes on or prior to the Closing Date.

Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Notes in all material respects (or in all material respects except for the first payment of interest) and so that the same shall be consolidated and form a single series with the outstanding Notes, as the case may be, as further described in Condition 18 of the terms and conditions of the Notes.

Acceleration and Enforcement

Following the occurrence of a Note Event of Default, the Trustee may, in the circumstances specified in Condition 9, give notice that the Notes are immediately due and payable. Following the delivery of an enforcement notice to the Security Trustee by the Trustee pursuant to Condition 4(b), the Security Package shall become enforceable and the Security Trustee shall, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, enforce the Security Package and apply the proceeds of enforcement in accordance with the priority of payments set out in “*Priority of Payments at Issuer Level after Enforcement*” below.

“**Note Event of Default**” means:

- (a) **Payment default:** there has been a failure to pay the principal, interest or any Early Redemption Fee (in each case, under the Notes only) within two (2) Business Days after the same has become due and payable;
- (b) **Breach of other obligations:** material default is made by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Notes or the other Transaction Documents, and such material default, if capable of being remedied or

cured, is not remedied or cured within two (2) Business Days. For the avoidance of doubt, “material default” as used in this paragraph (b) shall refer to any material default by the Issuer that is likely to result in any non-payment by the Issuer under the Notes;

- (c) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or, a material part of the property, assets or revenues of the Issuer, and is not discharged or stayed within thirty (30) days of having been so levied, enforced or sued out;
- (d) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends, or threatens to stop or suspend, payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer;
- (e) **Winding-up:** an administrator is appointed, an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, or the Issuer 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 reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders;
- (f) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Transaction Documents; or
- (g) **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 paragraphs (c) to (f) of this definition.

**Priority of Payments
at Issuer Level before
Enforcement**

On each Note Payment Date, any Early Redemption Date (if applicable) and any Put Settlement Date (if applicable), prior to the delivery of an enforcement notice to the Security Trustee by the Trustee pursuant to Condition 4(b), the Transaction Administrator will on behalf of the Issuer, apply all amounts on deposit in the Note Payment Account (subject to any top-ups from the Note Expense Account for “governmental fees” in item (a) below) in the following order of priority:

- (a) *first*, towards all taxes and governmental fees payable by the Issuer;
- (b) *second*, towards all fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Trustee, the Security Trustee, the Agents, the Facility Agent, the Account Bank, the Rating Agency and the Issuer Administrator which are due but unpaid (subject to an annual cap);
- (c) *third, pro rata and pari passu*, to the Noteholders towards payment of all interest due and payable under the Notes;
- (d) *fourth, pro rata and pari passu*, to the Noteholders, towards payment of all principal due and payable under the Notes;
- (e) *fifth, pro rata and pari passu*, to the Noteholders, towards payment of any Early Redemption Fee due and payable under the Notes (if applicable);
- (f) *sixth*, to pay all fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Trustee, the Security Trustee, the Agents, the Facility Agent, the Account Bank, the Rating Agency and the Issuer Administrator in excess of the cap in paragraph (b) above; and

- (g) *seventh*, the balance to remain in the Note Payment Account.

Upon termination of the Note Payment Account, the balance in the Note Payment Account shall be transferred to an account designated by the Issuer pursuant to the Account Bank Agreement.

Priority of Payments at Issuer Level after Enforcement

On each Note Payment Date, any Early Redemption Date (if applicable) and any Put Settlement Date (if applicable), following the delivery of an enforcement notice to the Security Trustee by the Trustee pursuant to Condition 4(b), the Transaction Administrator will on behalf of the Security Trustee apply all amounts on deposit in the Note Payment Account (subject to any top-ups from the Note Expense Account for “governmental fees” and the “fees, costs, charges, liabilities and expenses of the Security Trustee” in item (a) below, and item (b) below) in the following order of priority:

- (a) *first*, towards all taxes and governmental fees payable by the Issuer and all fees, costs, charges, liabilities and expenses of the Security Trustee;
- (b) *second*, towards all fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Trustee, the Agents, the Facility Agent, the Account Bank, the Rating Agency and the Issuer Administrator which are due but unpaid;
- (c) *third*, to the Trustee, towards payment *pro rata* and *pari passu* to the Noteholders of all interest due and payable under the Notes;
- (d) *fourth*, to the Trustee, towards payment *pro rata* and *pari passu* to the Noteholders of all principal due and payable under the Notes;
- (e) *fifth*, to the Trustee towards payment *pro rata* and *pari passu* to the Noteholders of any Early Redemption Fee due and payable under the Notes (if applicable); and
- (f) *sixth*, the balance to remain in the Note Payment Account.

Upon termination of the Note Payment Account, the balance in the Note Payment Account shall be transferred to an account designated by the Issuer pursuant to the Account Bank Agreement.

Limited recourse and Non petition

- (a) Recourse against the Issuer, and the liability of the Issuer, in relation to its obligations under the Notes and the Transaction Documents, shall be limited to the amounts from time to time available in accordance with, and in the order of priorities set out in the Transaction Administration Agreement (see “*The Notes — Priority of Payments at Issuer Level before Enforcement*” and “*The Notes — Priority of Payments at Issuer Level after Enforcement*”). Accordingly, no Noteholder (or other Secured Party) shall have any claim or recourse against the Issuer in respect of any amount which is or remains, or will remain, unsatisfied when no further amounts are receivable or recoverable in respect of the Secured Property (as defined below) and all funds comprising the Secured Property and/or representing the proceeds of realisation thereof have been applied in accordance with the provisions of the Transaction Documents, and any unsatisfied amounts shall be waived and extinguished. In addition, where compliance with the obligations imposed on the Issuer under any Transaction Document would require the expenditure by the Issuer of its own funds, the obligations of the Issuer shall be limited to the extent that it is put in funds to meet such expenditure.
- (b) Each of the parties to the Transaction Documents has agreed or will agree that it shall not have the right to take any action to commence any case, proceedings, proposal or other action under any existing or further law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, arrangement in the name of insolvency proceedings, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Issuer or the debts of the Issuer.

- (c) Each of the parties to the Transaction Documents has acknowledged and agreed or will acknowledge and agree that the Issuer's obligations are corporate obligations of the Issuer and that each such party shall not have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document.

U.S. Selling Restrictions Regulation S, Category 1.

Governing Law The Notes and all non-contractual obligations arising under them will be governed by, and construed in accordance with, English law.

THE TRANSACTION DOCUMENTS

The key transaction documents (the "**Transaction Documents**") to which the Issuer is a party or a recipient are:

- (a) the trust deed constituting the Notes between the Issuer and the Trustee (the "**Trust Deed**");
- (b) the agency agreement in relation to the Notes between the Issuer, the Trustee and the Agents (the "**Agency Agreement**");
- (c) the security trust deed in relation to the Security between, among others, the Issuer and the Security Trustee (the "**Security Trust Deed**");
- (d) the security assignment of the Issuer's rights under the Transaction Documents between the Issuer and the Security Trustee (the "**Security Assignment**");
- (e) the accounts charge in relation to the Issuer Accounts between the Issuer and the Security Trustee (the "**Accounts Charge**");
- (f) the transaction administration agreement between, among others, the Issuer and the Transaction Administrator (the "**Transaction Administration Agreement**");
- (g) the account bank agreement between the Issuer, the Account Bank and the Transaction Administrator (the "**Account Bank Agreement**"); and
- (h) the Facility Agreement and the Guarantee.

A summary of some of the key provisions of the Transaction Administration Agreement, the Facility Agreement and the Guarantee is set out below.

THE TRANSACTION ADMINISTRATION AGREEMENT

The Issuer will enter into the Transaction Administration Agreement with, *inter alios*, the Transaction Administrator in relation to the provision of certain services in relation to the Facility Agreement, the Guarantee, the issue of the Notes and the payment obligations of the Issuer.

The Issuer Accounts

On or before the Closing Date, the Transaction Administrator shall, as instructed by the Issuer, establish, or cause to be established, and will be authorised to operate, the note payment account (the "**Note Payment Account**") and the note expense account (the "**Note Expense Account**"), in the name of the Issuer with the Account Bank (collectively, the "**Issuer Accounts**"). The terms governing the Issuer Accounts will be set out in an account bank agreement between the Issuer, the Transaction Administrator and the Account Bank. The terms governing the Issuer Accounts will be set out in an account bank agreement between the Issuer, the Transaction Administrator and the Account Bank.

The Note Payment Account

The Transaction Administrator shall procure that all collections received by it in respect of the Facility Agreement and all claims made under the Guarantee shall be deposited into the Note Payment Account. On each Note Payment Date, the balance on deposit in the Note Payment Account shall be applied in accordance with the order of priority of payments set out in the Transaction Administration Agreement (see “*The Notes — Priority of Payments at Issuer Level before Enforcement*” and “*The Notes — Priority of Payments at Issuer Level after Enforcement*”). Upon termination of the Note Payment Account, the balance in the Note Payment Account shall be transferred to an account designated by the Issuer pursuant to the Account Bank Agreement.

The Note Expense Account

- (a) On or before the Closing Date, the Note Expense Account shall be funded to the extent of U.S.\$2,000.
- (b) The balance on deposit in the Note Expense Account shall be applied from time to time, subject to an annual cap prior to the delivery of an enforcement notice to the Security Trustee by the Trustee pursuant to Condition 4(b), towards (i) governmental fees and (ii) payment of all fees, costs, charges, liabilities and other expenses in connection with the issuance of the Notes as provided in the Transaction Administration Agreement.
- (c) Following the delivery of an enforcement notice to the Security Trustee by the Trustee pursuant to Condition 4(b), the annual cap shall no longer apply and if any amount remains in the Note Expense Account following payment in full of items (a) and (b) set out in the section above entitled “*The Notes – Priority of Payments at Issuer Level after Enforcement*”, it shall be transferred into the Note Payment Account and applied accordingly.

Change of Account Bank

- (a) Each Issuer Account shall be maintained with the Account Bank and, except pursuant to the provisions of the Transaction Administration Agreement, shall only be changed in accordance with the provisions of this Agreement and clause 8 (*Replacement of Account Bank*) of the Account Bank Agreement and with the prior written consent of the Security Trustee.
- (b) The Transaction Administrator shall promptly notify each of the parties to the Transaction Administration Agreement and the Rating Agency of the appointment of any replacement account bank and the details of any new Issuer Accounts at the time of such replacement.

Replacement of Transaction Administrator

- (a) The Issuer (at the direction of the Security Trustee) may terminate the appointment of the Transaction Administrator on written notice following the occurrence of certain trigger events, including the following:
 - (i) the Transaction Administrator is in default of any of its obligations, and such default is not cured within the applicable grace period, if any;
 - (ii) the insolvency of the Transaction Administrator;
 - (iii) if, in the reasonable opinion of the Security Trustee, continuation of the appointment of the Transaction Administrator would affect in a materially adverse manner the interests of the Secured Parties; or
 - (iv) if the Transaction Administrator merges and the merged entity does not take up the duties of the Transaction Administrator.
- (b) Any termination of the Transaction Administrator shall not be deemed effective until a successor Transaction Administrator acceptable to the Security Trustee has been appointed and such successor Transaction Administrator accepts its appointment.

Administration and monitoring of collections under the Facility Agreement and the Guarantee

The Transaction Administrator and the Facility Agent shall monitor collections received in respect of the Facility Agreement and the Guarantee and take any enforcement action as may be necessary and as specified below:

Timeline 1 below summarises the timeline for payment under the Facility Agreement under normal circumstances where there is no default or prepayment under the Facility Agreement.

Timeline 2 and Timeline 3 below summarise the timeline for non-payment of the Borrower and mandatory prepayment under the Facility Agreement respectively.

Timeline 4 below summarises the timeline for mandatory partial prepayment under the Facility Agreement and redemption of the Notes at the option of Noteholders.

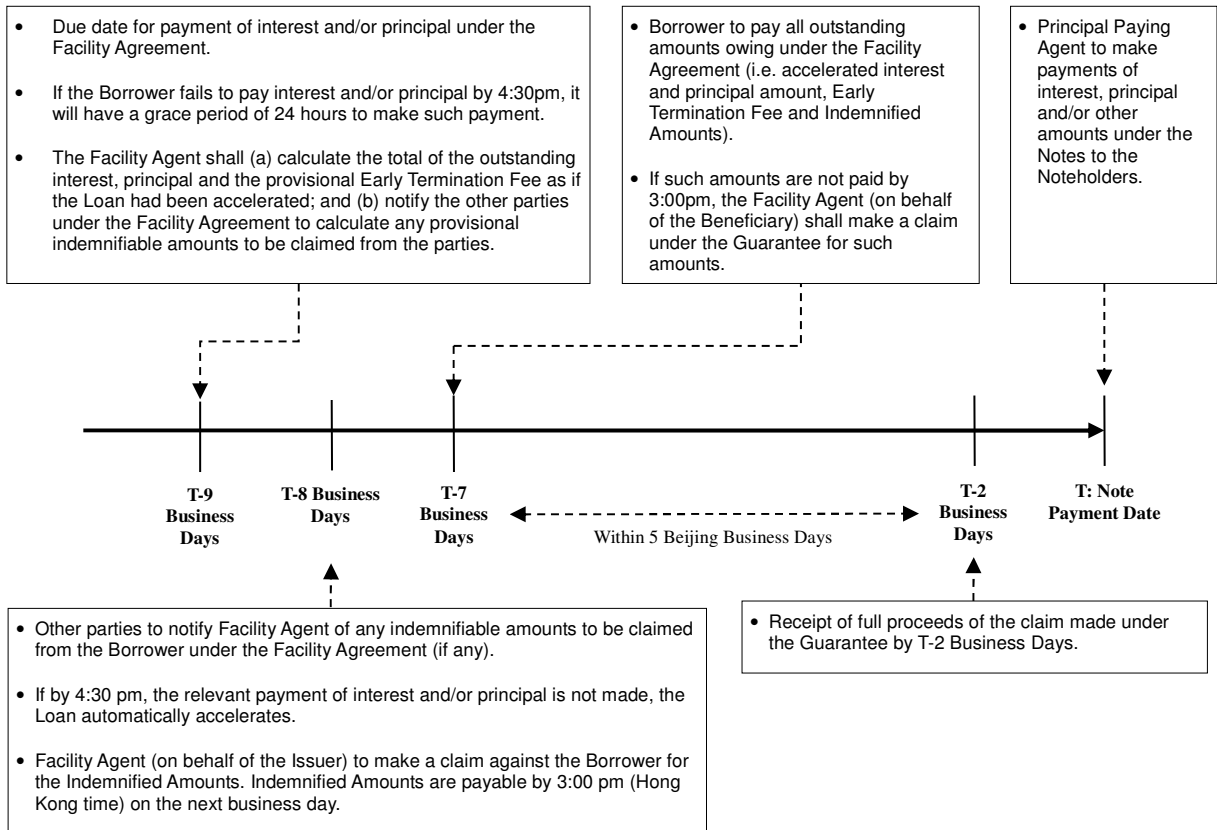
Timeline 5 below summarises the timeline for voluntary full prepayment under the Facility Agreement following the delivery of a voluntary prepayment request by the Borrower to the Facility Agent.

Timeline 1: Normal arrangement for repayment of interest and/or principal assuming no default under the Facility Agreement

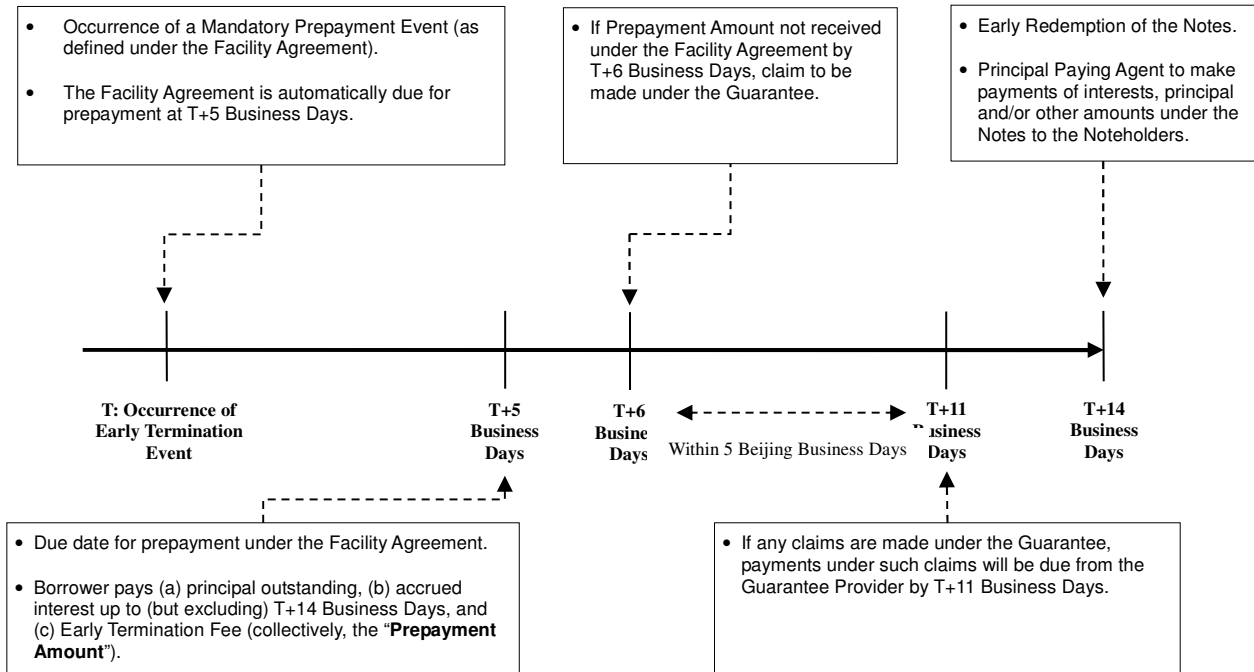


Note 1: For the final interest period, assuming the Borrower repays all outstanding interest and principal under the Facility Agreement on time, the final Note Payment Date will be brought forward to the Expected Maturity Date, being the day falling six (6) Business Days prior to the Legal Maturity Date.

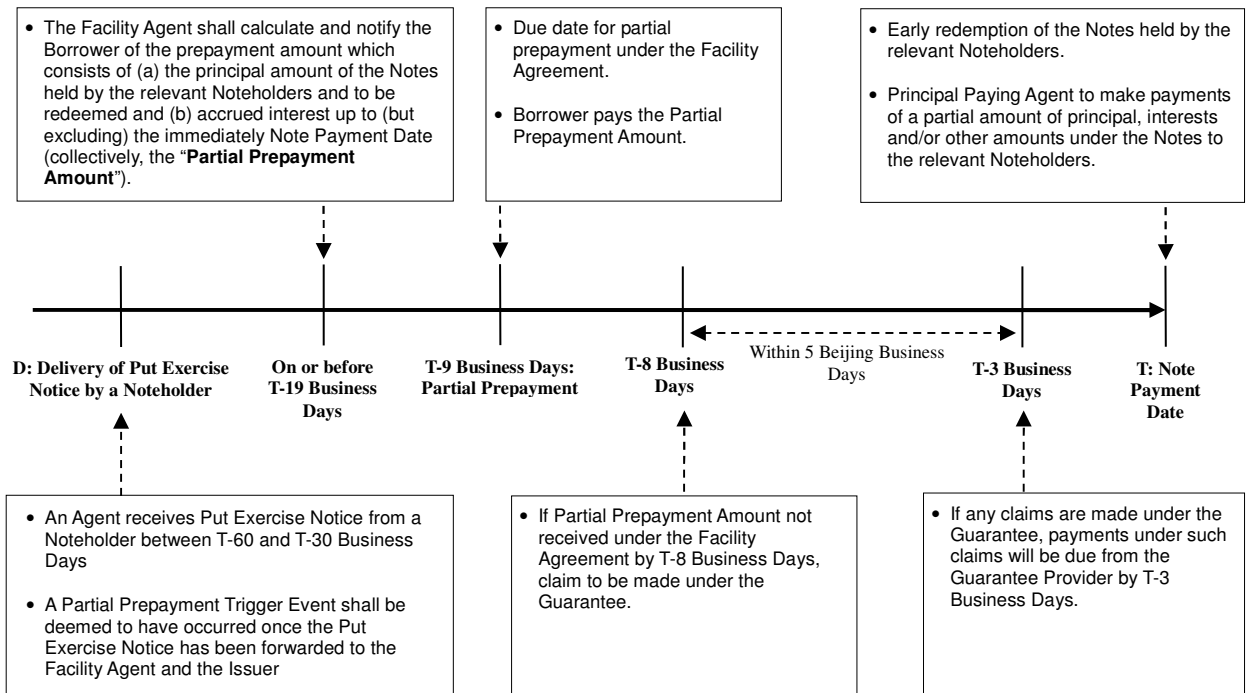
Timeline 2: Alternative arrangement on the occurrence of non-payment by the Borrower under the Facility Agreement



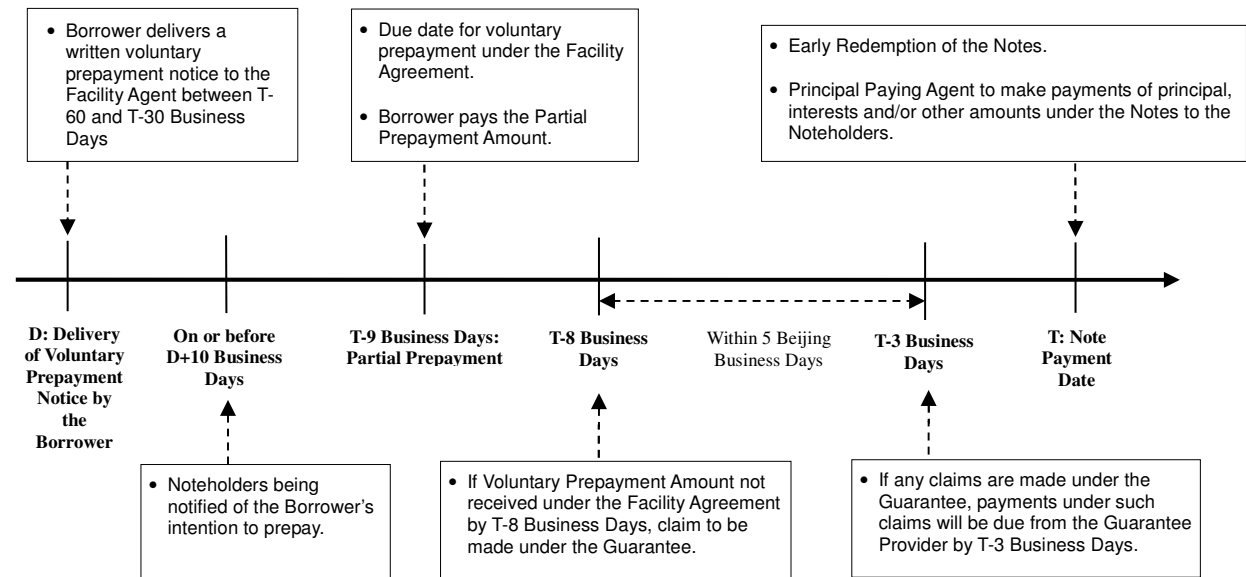
Timeline 3: Mandatory Prepayment under the Facility Agreement



Timeline 4: Mandatory Partial Prepayment under the Facility Agreement and redemption of the Notes at the option of Noteholders



Timeline 5: Voluntary Prepayment under the Facility Agreement



Making a claim under the Guarantee

In the event that payments due under the Facility Agreement are not received when due, the Facility Agent shall make a claim for such missed payment under the Guarantee in accordance with Timeline 2, 3, 4 or 5 above (as applicable). Under the terms of the Guarantee, the Guarantor is obliged to make a payment in respect of a demand received under the Guarantee within five (5) Beijing Business Days of the date the demand is sent in immediately available and cleared funds.

All proceeds received with respect to any claims made under the Guarantor shall be deposited in the Note Payment Account.

For the purpose of this Offering Circular, “**Beijing Business Day**” means a day on which commercial banks are open for general official business in Beijing.

THE FACILITY AGREEMENT

Pursuant to the Facility Agreement, the Issuer (as Lender) shall make available to the Borrower a U.S. dollar term loan facility with a facility amount of up to U.S.\$100,000,000. The Guarantor has issued a Guarantee in respect of payment obligations of the Borrower under the Facility Agreement in favour of the Issuer (as lender under the Facility Agreement). The loan amount and interest under the Facility Agreement are summarised below.

	Facility Agreement
Facility Type	Term loan facility.
Facility Amount	U.S.\$100,000,000.
Interest	7.95 per cent. per annum.
Interest Period	Six (6) months, subject to the provisions in the Facility Agreement (see also the timelines above).
Maximum guaranteed amount under the Guarantee	U.S.\$200,000,000.

Repayment of Interest and Principal

The interest and principal payable under the Facility Agreement correspond to the interest and principal payable under the Notes. The key terms of the Facility Agreement are set out in the section “*The Facility Agreement*” below.

If the Borrower fails to make the necessary payments under the Facility Agreement on the applicable due date, the Facility Agent shall on behalf of the Issuer (as Lender) notify the Transaction Administrator of such non-payment on the same day, and the Facility Agent shall make a claim under the Guarantee in accordance with Timeline 2, 3, 4 or 5 (as applicable) above.

The Issuer shall apply the payments received under the Facility Agreement or the Guarantee (as the case may be) towards the discharge of the Issuer’s payment obligations under the Notes on the immediately following Note Payment Date, Early Redemption Date (if applicable) or Partial Early Redemption Date (if applicable). The Issuer shall satisfy those payment obligations under the Notes by the Transaction Administrator (as agent of the Issuer) making such amounts available to the Principal Paying Agent.

The Facility Agreement will only be terminated early on the occurrence of any of the following events:

- (a) mandatory prepayment resulting from a Mandatory Prepayment Event. See “*The Facility Agreement – Mandatory prepayment*”;
- (b) voluntary prepayment proposed by the Borrower in accordance with the terms of the Facility Agreement. See “*The Facility Agreement – Voluntary Prepayment*”; or
- (c) acceleration resulting from the occurrence of an event of default under the Facility Agreement.

Under the Facility Agreement, the Early Termination Fee, being an additional interest amount, shall be payable by the Borrower together with any early repayment amounts following Loan Acceleration or Loan Prepayment. See “*The Facility Agreement – Early Termination Fee*” below.

Acceleration under the Facility Agreement

The acceleration under the Facility Agreement will be automatic in the case of a failure to pay interest or principal by the Borrower which is not cured within the grace period of one (1) Business Day. Other Events of Default (as defined in the Facility Agreement) do not result in automatic acceleration; in such cases, acceleration must be directed by the Facility Agent acting on the instructions of the Majority Lenders. As the Issuer is the sole Lender in respect of the Facility Agreement, any decision on acceleration will be taken by the Noteholders on behalf of the Issuer (pursuant to Condition 13(a)(ix)) and will require an Extraordinary Resolution.

Mandatory prepayment under the Facility Agreement

The Borrower will be required to mandatorily prepay all of the Loan under the Facility Agreement in accordance with Timeline 3 above if a Mandatory Prepayment Event occurs due to failure to complete registration with the State Administration of Foreign Exchange of the PRC (“SAFE”) or the National Development Regulatory Commission of the PRC (“NDRC”) in respect of the Guarantee, illegality affecting the Issuer (in its capacity as lender under the Facility Agreement, compromising its ability to perform its obligations or the occurrence of any Guarantor Default Event.

Mandatory partial prepayment under the Facility Agreement

The Borrower will be required to mandatorily prepay the Affected Principal Amount (as defined in the Facility Agreement), together with accrued interest, in accordance with Timeline 4 above if the Issuer receives a Put Exercise Notice (as defined in the Facility Agreement) and such notice has been forwarded to the Facility Agent. See “*The Facility Agreement – Mandatory partial prepayment arising from a Partial Prepayment Trigger Event*” below.

Voluntary prepayment under the Facility Agreement

The Borrower may propose to prepay the Loan (in whole and not in part) under the Facility Agreement in accordance with Timeline 5 above.

Replacement of Facility Agent

The Facility Agent may resign by giving not less than thirty (30) days’ notice to the Lenders and the Borrower, in which case the Majority Lenders may, by giving five (5) days’ notice to the Facility Agent, appoint a successor Facility Agent. If the Majority Lenders have not appointed a successor Facility Agent within ten (10) days after the applicable notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.

The resignation of the retiring Facility Agent or appointment of a successor Facility Agent may not be effected unless (i) such successor is, at the time of being so appointed, a reputable international trust and agency service provider and (ii) such successor would not be an Impaired Facility Agent upon its appointment as successor Facility Agent.

The Facility Agent must resign by giving notice to the Lenders and the Borrower if it becomes an Impaired Facility Agent. If the Facility Agent becomes an Impaired Facility Agent, whether or not the Facility Agent has given a notice of resignation, the Majority Lenders may, by giving five (5) days’ notice to the Facility Agent, replace the Facility Agent by appointing a successor Facility Agent. If the Majority Lenders have not appointed a successor Facility Agent within ten (10) days after the applicable notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent who, at the time of being so appointed, would not be an Impaired Facility Agent.

The Facility Agent must resign if it will not be a FATCA Exempt Party on or after the earliest FATCA Application Date.

Any resignation shall only take effect upon the appointment of the successor Facility Agent.

“**FATCA Application Date**” means:

(a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to

payments of interest and certain other payments from sources within the US), 1 July 2014;

- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2019; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2019,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of the Facility Agreement.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a party that is entitled to receive payments free from any FATCA Deduction.

“**Impaired Facility Agent**” means the Facility Agent at any time when:

- (a) it becomes unlawful in any applicable jurisdiction for the Facility Agent to perform any of its obligations or functions in its capacity as Facility Agent as contemplated by any Finance Document;
- (b) an Insolvency Event has occurred and is continuing with respect to the Facility Agent; or
- (c) the Facility Agent is required to resign because it will not be a FATCA Exempt Party on or after the earliest FATCA Application Date pursuant to the Facility Agreement.

“**Insolvency Event**”, in relation to an entity means that such party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger in which the surviving entity assumes all the obligations of the dissolved entity hereunder);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights or any law regarding rehabilitation and/or resolution of financial institutions, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or other official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger in which the surviving entity assumes all the obligations of the dissolved entity hereunder);

- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian, judicial manager or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession for thirty (30) days, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence, in any of the foregoing acts.

“**Majority Lenders**” means at any time during the Availability Period (as defined in the Facility Agreement) or while the Facility remains outstanding a Lender or Lenders with an aggregate Commitment more than $66\frac{2}{3}$ per cent. of the Total Commitment (as defined in the Facility Agreement) (or, if the Total Commitment has been reduced to zero, the aggregate of more than $66\frac{2}{3}$ per cent. of the Total Commitment immediately prior to the reduction).

THE GUARANTEE

The payment obligations of the Borrower under the Facility Agreement are guaranteed under the Guarantee up to a maximum amount summarised in the section “*The Guarantee*” below. Claims under the Guarantee will be made by the Facility Agent or, if the Facility Agent is unable to do so under certain circumstances, the Issuer (in its capacity as beneficiary under the Guarantee (the “**Beneficiary**”), itself. The key terms of the Guarantee (including how the guaranteed amount will automatically reduce) are set out in the section “*The Guarantee*” below.

RISK FACTORS

In addition to other information in this Offering Circular, prior to making any investment decision, prospective investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular, before purchasing the Notes. The risks and uncertainties described below may not be the only ones involved. All risk factors described below are contingencies which may or may not occur and the parties involved are not in a position to express any view on the likelihood of any such contingency occurring. The business, financial conditions or results of operations of the Issuer, the Borrower and the Guarantor could be materially and adversely affected by any of these risks. Each of the Issuer, the Borrower and the Guarantor believes that the following risk factors may affect the Issuer's, the Borrower's, and the Guarantor's ability to fulfil its respective obligations under the Notes, the Facility Agreement and the Guarantee (as the case may be). Additional considerations and uncertainties not presently known to the Issuer, the Borrower and the Guarantor or which they deem immaterial may also have an adverse effect on an investment in the Notes. The following is not intended to be exhaustive and prospective purchasers of the Notes should also take independent tax, legal and other relevant advice as to the structure and viability of making an investment in the Notes.

This Offering Circular may also contain forward-looking statements that involve risks and uncertainties. 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 this Offering Circular.

Factors which each of the Issuer, the Borrower and the Guarantor believes may be material for the purpose of assessing market risks associated with the Notes are also described below. Each of the Issuer, the Borrower and the Guarantor believes that the factors described below represent the principal risk inherent in investing in the Notes. However the Issuer, the Borrower and the Guarantor may be unable to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Notes, the Facility Agreement or the Guarantee for other reasons and each of the Issuer, the Borrower and the Guarantor does not represent that the statements below regarding the risks of investment in the Notes are exhaustive.

Limitations of this Offering Circular

This Offering Circular does not, and does not purport to, contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, the Borrower or the Guarantor prior to making an investment or divestment decision in relation to the Notes. Neither this Offering Circular nor any document or information (or any part thereof) delivered or supplied under or in relation to the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer the Sole Global Coordinator and Sole Lead Manager or the Joint Bookrunners that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Offering Circular is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision.

Any recipient of this Offering Circular contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Offering Circular and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Borrower, or the Guarantee, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

Information contained in this Offering Circular relating to the Borrower has been provided by the Borrower pursuant to the Facility Agreement. Information contained in this Offering Circular relating to the Guarantor has been provided by the Guarantor pursuant to the Guarantee. None of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the

Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB or the Account Bank has separately verified such information nor do they make any representation as to the accuracy and completeness of such information. In the event that information relating to the Borrower or the Guarantor is inaccurate, the Noteholders will only have indirect recourse to the Borrower through the security assignment provided by the Issuer in favour of the Security Trustee (who holds that security on behalf of the Noteholders and the other Secured Parties) over the Issuer's rights under the Facility Agreement. This includes any rights the Issuer may have to sue the Borrower for breach of representation as to the accuracy of such information and rights under the corresponding indemnity.

RISKS RELATING TO THE NOTES

Liability under the Notes is limited to the Issuer

The payment obligations under the Notes will be the obligations of the Issuer and will not be obligations or responsibilities of any other person or entity. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the MLAB, the Account Bank, the Borrower, the Guarantor or any company in the same group of companies as, or affiliated to, such parties or any other party. None of these persons will accept any liability to the Noteholders whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. Noteholders will not have any recourse against any parties other than the Issuer.

Limited liquidity of the Notes

There can be no assurance regarding the future development of the market for the Notes or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. However, there can be no assurance that the Issuer will be able to obtain or to maintain such listing and that, even if listed, the Notes may have no established trading market when issued and one may never develop. Even if a market for the Notes does develop, it may have limited liquidity. Liquidity of the Notes will be adversely affected if the Notes are held or allocated to a limited number of investors. None of Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners is obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of the Notes may fluctuate depending on a number of factors. Consequently, any sale of the Notes by the Noteholders in any secondary market which may develop may be at a discount from the original purchase price of such Notes and an investor in the Notes must be prepared to hold the Notes for an indefinite period of time or until their maturity.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Investment in the Notes is subject to exchange rate risks

Investment in the Notes is subject to exchange rate risks. The value of the U.S. dollar against the RMB and other foreign currencies fluctuates and is affected by changes in the United States, international political and economic

conditions and by many other factors. All payments of interest and principal with respect to the Notes will be made in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the RMB or other foreign currencies, the value of a Noteholder's investment in RMB or other applicable foreign currency terms will decline.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Early Redemption Risk

The Notes will be subject to early redemption upon the occurrence of any acceleration or prepayment event under the Facility Agreement. For example, the occurrence of any Mandatory Prepayment Event as required under the Facility Agreement will trigger mandatory prepayment.

The Borrower may also voluntarily prepay the whole of the loan under the Facility Agreement in December 2018 or December 2019. Such voluntary prepayment will lead to an early redemption of all of the Notes pursuant to Condition 6(b) by the Issuer on the Early Redemption Date at the Early Redemption Amount as at such date.

An optional redemption feature (due to voluntary prepayment of loan under the Facility Agreement by the Borrower) is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The date on which the Issuer elects to redeem the Notes may not accord with the preference on individual Noteholders. This may be disadvantageous to the Noteholders in light of market conditions or the individual circumstances of the Noteholders. In addition, the Borrower may be expected to voluntarily prepay the loan under the Facility Agreement when its cost of borrowing is lower than the interest rate under the Facility Agreement. At those times, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Notes.

Further, there can be no assurance that the Borrower will be able to discharge its payment obligations under the Facility Agreement in a timely manner in the event of an early redemption.

Put option exercised by a Noteholder may be overridden by early redemption of the Notes by the Issuer

Pursuant to Condition 6(f), if there is more than one notice of redemption given of any Notes (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Noteholder pursuant to Condition 6(c)), the notice given by the Issuer pursuant to Condition 6(b) shall prevail. Any Put Exercise Notice given by the relevant Noteholder, whether before or after the delivery of the early redemption notice by the Issuer, shall cease to be effective and the early redemption of the Notes will take place pursuant to Condition 6(b).

The Notes may not be a suitable investment for all investors

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference (if any) in this Offering Circular or any applicable supplement to this Offering Circular;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) 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.

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

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

Modification

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

The terms and conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to any modification of any of the Conditions or any of the provisions of the Transaction Documents which in the opinion of the Trustee will not be materially prejudicial to the interests of the Noteholders and to any modification of the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law. The terms and conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the terms and conditions of the Notes or any of the provisions of the Transaction Documents if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

The Noteholders have limited recourse against the Issuer's obligations

There may be insufficient moneys of the Issuer to meet the payment obligations under the Notes following an enforcement of the Security Trust Deed or the Security Package. The money in the Issuer Accounts and any other money received by the Issuer under the Facility Agreement, the Guarantee and the Transaction Documents are the only assets available to the Issuer to support its obligations in respect of the Notes and, in the event of the enforcement of the Security Trust Deed or the Security Package, the Trustee will have recourse only to the Security as constituted under the Security Package and there is no assurance that, in such circumstances, those assets will be sufficient to redeem the Notes.

Subordination

The payment of principal, interest and any other amounts payable on the Notes are subordinated to payments towards taxes and other senior expenses payable to other parties (subject to an annual cap prior to enforcement). See "*Transaction Summary — Priority of Payments at Issuer Level before Enforcement*" and "*Transaction Summary — Priority of Payments at Issuer Level after Enforcement*".

Withholding taxes and FATCA

Pursuant to certain provisions of FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Hong Kong, Singapore and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"),

which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes that have a fixed term and not treated as equity for U.S. federal income tax purposes, that are not issued after the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

In the event that withholding or deduction is required by law or made for or on account of FATCA with respect to any payment on the Notes, the Issuer shall not be obliged to make any additional payments in respect of such withholding taxes or for or on account of FATCA. Any amount which the Issuer is obliged to withhold or deduct from payments in respect of the Notes on account of Tax or on account of FATCA will not be paid by any party.

See “*Taxation*” for further information on Singapore taxation and FATCA.

Singapore taxation risk

The Notes to be issued are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “*Taxation—Singapore taxation*”. However, there is no assurance that the Notes will be or continue to be “qualifying debt securities” or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws or Monetary Authority of Singapore (“MAS”) circulars be amended or revoked at any time.

Potential FATCA Withholding

Whilst the Notes are in global form and held within Euroclear or Clearstream (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that provisions of U.S. law, commonly referred to as “FATCA” will affect the amount of any payment received by the ICSDs (see “*Taxation – FATCA*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depository for the ICSDs (as holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

The rating of the Notes may be changed at any time and may adversely affect the market price of the Notes

It is a condition to the issuance of the Notes that the Notes be rated “AA+” by the Rating Agency upon issuance. The rating addresses the full and timely payment of interest and the timely repayment of principal on or before the maturity date in accordance with the terms and conditions of the Notes. The rating of the Notes will be based primarily on the rating of the Guarantor, an assessment of relevant structural features of the transaction and the likelihood of the payment of interest and principal on the Notes in a full and timely manner. A rating is not a recommendation to purchase, hold or sell the Notes. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency in the future if, in its judgment, circumstances in the future so warrant, such as insolvency. Any decline in the financial position of the Guarantor may impair the ability of the Issuer to make payments to the Noteholders under the Notes and/or result in the rating of the Notes being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Notes and none of the Issuer, the Borrower, the Agents, the Guarantor, the Trustee, the Security Trustee or the Facility Agent is obliged to inform holders of the Notes of such rating downgrade or

withdrawal. Any reduction or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Notes. Any reduction or withdrawal of a rating will not constitute a Note Event of Default or an event requiring the Issuer to redeem any Notes.

Additionally, one or more independent credit rating agencies may assign credit ratings to the issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors described in this Offering Circular, and other factors that may affect the value of the Notes.

The assets of the Issuer may be insufficient to redeem the Notes at their expected value upon an event of default

The ability of the Issuer to redeem the Notes on the occurrence of a Note Event of Default is contingent upon the ability of the Borrower or the Guarantor to fulfil their obligations under the Facility Agreement and the Guarantee respectively. There is no assurance that, upon any Note Event of Default, the assets available to the Issuer will be sufficient to redeem the Notes in an amount that the holders thereof would have expected to receive in the event that the Notes were redeemed in accordance with their terms on the Expected Maturity Date (or, if applicable, the Legal Maturity Date).

The Notes will initially be evidenced by a global certificate and holders of a beneficial interest in the global certificate must rely on the procedures of the Clearing Systems

The Clearing Systems will maintain records of the beneficial interests in the global certificate. While the Notes are evidenced by the global certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While such Notes are evidenced by a global certificate, the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary for the Clearing Systems for distribution to their account holders. A holder of a beneficial interest in the global certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no 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 Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in a global certificate will not have a direct right under that global certificate to take enforcement actions against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Changes in English law, which governs the Notes, may adversely affect holders of the Notes

The Notes and all non-contractual obligations arising under them will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or procedural practice after the date of the issue of the Notes.

Enforcing rights under the Notes across multiple jurisdictions may prove difficult

The Issuer is incorporated under the laws of Singapore. The Notes and all non-contractual obligations arising under them will be governed by English law. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Singapore and in England. Such multi-jurisdictional proceedings are complex, may be costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of Noteholders' rights. Rights of the Noteholders under the Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Noteholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Singapore and England may be materially different from, or be in conflict with, each other and those with which Noteholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and could adversely affect Noteholders' ability to enforce their rights under the Notes in the relevant jurisdictions or limit any amounts that Noteholders may receive.

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

In certain circumstances, the Trustee and/or the Security Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee and/or the Security Trustee shall not be obliged to take any such actions if not indemnified

and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee and the Security Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and the Security Trust Deed, as applicable, and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly. None of the Trustee and the Security Trustee is required to do anything which may (i) be illegal or contrary to applicable law or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its own rights, powers, authority or discretion if it believes in its discretion that repayment of such funds or satisfactory indemnity against, and/or security and/or pre-funding for, such risk or the liability is not assured to it.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and/or the powers of or incentives for certain investors to invest in securities issued under such structures, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners or any of the other parties to the transaction makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment in the Notes on the Closing Date or at any time in the future.

Such regulation includes Articles 404-410 of the CRR (as defined below), which provide that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an on-going basis, a material net economic interest in the securitisation of not less than 5 per cent. and (b) it is able to demonstrate to its regulator on an on-going basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Articles 404-410 of the CRR in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment. Similar requirements to those set out in Articles 404-410 of the CRR have been implemented for EU-regulated alternative investment fund managers by Articles 50-56 of the AIFMR prohibiting investment by AIFs they manage in non-compliant securitisations and are expected to be implemented for other EU-regulated investors, including insurance or reinsurance undertakings and UCITS.

No representation of the sort referred to in the preceding paragraph has been made in relation to this transaction. The Issuer is of the opinion that the requirements of Articles 404-410 of the CRR and Articles 50-56 of the AIFMR should not apply to investments in the Notes. However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of the CRR and the AIFMR. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that Articles 404-410 of the CRR and Articles 50-56 of the AIFMR do apply to an investment in the Notes, significantly higher capital charges may be applied to the relevant credit institution's holding and investment by the relevant AIF may be prohibited.

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Articles 404-410 of the CRR or Articles 50-56 of the AIFMR will be applied to their exposure to the Notes and therefore prospective investors should not rely on the Issuer's interpretation set out above. Further, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners and their respective affiliates do not make any representation in respect of the application of Articles 404-410 of the CRR and Articles 50-56 of the AIFMR to any investment in the Notes. Investors should consult their regulator should they require guidance in relation to the regulatory treatment that their regulator would apply to an investment in the Notes.

Articles 404-410 of the CRR and Articles 50-56 of the AIFMR and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of the individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. No assurance can be given that further changes will not be made to the CRR or AIFMR or other regulatory provisions which could impact holders of the Notes.

Changes to the Basel II Framework may affect the capital and/or the liquidity requirements associated with a holding of the Notes for certain investors

In 1988, the Basel Committee adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006, the Basel Committee finalised and published new risk adjusted capital guidelines ("**Basel II**").

More recently, the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**" respectively). Member countries have been required to implement the new capital standards from January 2013, and will be required to implement the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions. The European authorities have implemented Basel III via a new capital requirement directive (the "**CRD4**") and a capital requirements regulation (the "**CRR**"). The requirements of CRD4 and the CRR are taking effect in stages beginning on 1 January 2013, with full implementation by 1 January 2019. Basel III, the CRD4 and the CRR may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisors as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of Basel III, the CRD4, the CRR and any implementing measures. No predictions can be made as to the precise effects of the matters on any investor or otherwise.

CRA3

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together "**CRA3**") which became effective on 20 June 2013. CRA3 addresses the use of credit ratings for regulatory purposes and requires, among other things, issuers or related third parties intending to solicit a credit rating or a structured finance instrument (as defined in CRA3) to appoint at least two credit rating agencies to provide credit ratings independently of each other.

The Issuer is incorporated in Singapore and the Notes will be listed on the SGX ST. Prospective investors are required to independently assess and determine the relevance of CRA3 and, as the case may be, whether the Notes and the investors' investment in the Notes are in compliance with the requirements of CRA3.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes 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 issues in other countries, including the PRC. Since the subprime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

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

Under the Enterprise Income Tax law of the PRC (the "**New EIT Law**") and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the New EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes

by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply, respectively, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between the PRC and Hong Kong for the avoidance of double taxation, Noteholders 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 Notes.

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

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

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

Performance risk of the transaction parties

Each of the Facility Agent, the Principal Paying Agent, the Trustee, the Security Trustee and the Transaction Administrator in respect of the Facility Agreement and the Notes plays a critical role in ensuring that sufficient proceeds are received under the Facility Agreement for the purposes of making payments of interest, principal and any other amounts payable under the Notes. In particular, compliance by the Facility Agent of its role is crucial to ensure that upon the non-payment by the Borrower under the Facility Agreement certain actions are taken to support payments due under the Notes. In the event that any of the Facility Agent, the Principal Paying Agent, the Trustee, the Security Trustee or the Transaction Administrator fails to discharge its duties in a timely manner, payments of interest, principal and any other amounts payable under the Notes may be affected.

RISKS RELATING TO THE ISSUER

Holders of the Notes have limited recourse to the Issuer

The Issuer's obligations in respect of the Notes are solely the corporate obligations of the Issuer and none of the holders of the Notes or any person acting on their behalf shall have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document entered into by the Issuer.

The Issuer has no operating history and no other assets

The Issuer is a newly-formed special purpose vehicle established specifically for the purposes of issuing the Notes and has no operating history and no material assets. No assurances can be given that the Issuer will be profitable or that any particular return will be achieved. The Issuer will not engage in any business activity other than the issuance of the Notes, the grant of the term loan under the Facility Agreement, other activities conducted in connection with the payment of amounts in respect of the Notes and other activities incidental or related to the foregoing. As such, the Issuer has, and will have, no substantial assets other than its issued and paid-up share capital, its rights as lender under the Facility Agreement and as beneficiary under the Guarantee, and any assets on which the Notes or other obligations are secured.

No investigation has been made in respect of the Issuer

No investigation, and limited searches and enquiries, have been made by or on behalf of the Issuer and no investigations, searches or enquiries have been made by or on behalf of any party, in respect of the Issuer.

The Issuer's ability to make payments under the Notes will depend entirely on timely payments under the Facility Agreement by the Borrower or the Guarantee by the Guarantor

The ability of the Issuer to meet its obligations under the Notes will depend on the ability of the Borrower to make timely payments under the Facility Agreement failing which, the ability of the Guarantor to pay under the Guarantee. To the extent that any of the parties above are unable to discharge their obligations in a timely manner, the ability of the Issuer to meet its obligations to pay principal, interest and any other amounts payable under the Notes will be affected. Accordingly, investors are relying heavily on the creditworthiness of those parties.

RISKS RELATING TO THE FACILITY AGREEMENT

Performance risk of the Transaction Administrator and the Facility Agent

Each of the Transaction Administrator and the Facility Agent plays a critical role in ensuring that sufficient proceeds are received under the Facility Agreement and the Guarantee for the purposes of making payments of interest, principal and any other amounts payable under the Notes. In the event that either party fails to discharge such duties in a timely manner (for example, by failing to make a claim under the Guarantee within the prescribed time following any non-payment under the Facility Agreement), payments of interest, principal and any other amounts payable under the Notes may be affected.

RISKS RELATING TO THE GUARANTEE

Payments under the Guarantee may be affected by any increase in the withholding tax rate under PRC tax laws

PRC withholding tax is currently applicable to payments made under the Guarantee attributable to the interest payment component of the Facility Agreement. Although payments made by the Guarantor under the Guarantee are subject to gross-up to cover any withholdings, the total payment under the Guarantee (including gross-up amounts) is capped at the amount set out in this Offering Circular. If the rate of withholding tax is increased in the future and/or there are any changes to the applicable PRC tax laws, the payments obtained under the Guarantee may not be sufficient to cover a default by the Borrower under the Facility Agreement and the value of the Notes may be adversely affected.

There may be uncertainty relating to the enforceability of and interpretation of the provisions of the Guarantee

The Guarantee is governed by PRC law and contains provisions similar to those contained in customary commercial guarantees governed by English or Hong Kong law. Whilst legal advice has been obtained in relation to the enforceability of the Guarantee under PRC law, there can be no assurance that the PRC courts would interpret provisions of the Guarantee in a manner similar to the English or Hong Kong courts. Further, the procedures and timing for taking action in the PRC courts may be different from those investors are accustomed to in the English and Hong Kong courts.

Payments under the Guarantee are subject to a cap

Payments under the Guarantee (excluding any additional amounts payable by the Guarantor to account for deductions or withholdings for tax) are subject to a maximum amount of U.S.\$200,000,000. While this payment limit should be sufficient to cover payments of interest, principal and any Early Termination Fee under the Facility Agreement in most circumstances, there may be exceptional circumstances whereby the capped amount received under the Guarantee is insufficient to cover payments of interest, principal and any Early Termination Fee under the Facility Agreement.

There may be uncertainties relating to the performance of obligations under the Guarantee

The Guarantor is required by the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理規定》 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理操作指引》 (Huifa [2014] 29) (collectively, the "Foreign Exchange of Cross-border Guarantee Measures") to register Guarantee and will submit the Guarantee for registration with SAFE within 15 business days after the date of execution of the Guarantee. Even though legal advice has been obtained to the effect that failure to effect such registration will not affect the enforceability of the Guarantee, if such registration is not completed in accordance with the aforesaid provisions, the Guarantor may not be able to go through the procedures of purchase of foreign exchange and remittance to perform its obligations under the Guarantee and SAFE may impose a fine or other penalties on the Guarantor. Consequently, the Issuer may not have sufficient funds to redeem or otherwise discharge its obligations under the Notes in time if the Borrower is unable to meet its repayment

obligations under the Facility Agreement and a demand is made under the Guarantee prior to such registration being completed. Please see “*The Issuer’s ability to make payments under the Notes will depend entirely on timely payments under the Facility Agreement by the Borrower or the Guarantee by the Guarantor*” for further details.

RISKS RELATING TO THE BUSINESS OF THE BORROWER

The Borrower is the overseas trading and financing platform of the Guarantor, which also owns 50.24 per cent. of Wanda Group Co., Ltd.

The Borrower is established as an overseas trading and financing platform of the Guarantor, and its principal activities consist of investment holding, as well as general wholesale trade (including general imports and exports) of products. The Borrower derives its revenue primarily through its trading activities on its own account or on behalf of Wanda Group Co., Ltd. on, for example, petrochemical products, tyre products, electric cable wire products and chemical related products as well as other raw materials. These trading activities conducted by the Borrower may be denominated in currencies other than U.S. dollars, Renminbi or Singapore dollars which may subject the Borrower to certain exchange rate risks. Any adverse impact on the Borrower’s liquidity or profitability may affect the ability of the Borrower to discharge its payment obligations under the Facility Agreement. Furthermore, the Borrower’s business, financial condition and results of operations also depend heavily on the business performance of Wanda Group Co., Ltd., which may also in turn affect the Borrower’s ability to make payments under the Facility Agreement.

Limited availability of public information on the Borrower

The Borrower is a private company and is not listed on any stock exchange and is not required to make periodical public announcements. Therefore there is less publicly available information about the Borrower than is regularly made available by public companies in certain other countries.

RISKS RELATING TO THE GUARANTOR AND ITS SUBSIDIARIES (THE “GROUP”)

The guarantees the Guarantor provided to third parties expose the Guarantor to credit risks

As at 31 March 2017, the Guarantor had an outstanding balance of guarantees in the amount of RMB 2,122 million provided to independent third parties for their financing activities with commercial banks, which provide guarantees for the Guarantor’s financing activities in return. In the past, some of the borrowings guaranteed by the Guarantor became overdue. Although the Guarantor has never been required to repay any of such borrowings for the relevant borrowers, the guarantees the Guarantor provided subject the Guarantor to credit risks. Should the borrowers not able to repay the borrowings, the Guarantor will be liable to repay for them upon the lender’s requests and the Guarantor’s financial conditions, and results of operations may be adversely affected.

The business performance of the Group

The business performance of the Group will invariably and substantially affect the Guarantor’s ability to comply with its obligations under the Guarantee and consequently the Borrower’s ability to discharge its payment obligations under the Facility Agreement.

The Guarantor primarily engages in eight major businesses, namely, the manufacturing and sale of (i) petrochemical products, (ii) rubber and tyre products, (iii) electric cable wire products, (iv) chemical related products, (v) real estate and construction, (vi) port logistics and international trade and (vii) financial services. These businesses are however prone to a number of risk factors including, without limitation, changes in government policies, compliance issues, conflicts of interest amongst business segments, industry competition, possible false and negative media reports, cyclical business activities and the general global or national economic conditions, all of which may affect the Group’s financial performance as a whole.

The Group may not be able to refinance its indebtedness on maturity

The Group has incurred significant indebtedness. As at 31 December 2016, its total liabilities was approximately RMB24,723.6 million. If, for any reason, the Group is unable to make scheduled payments in connection with its debt and other fixed payment obligations as they become due, the Parent Group may have to relocate financial resources to fulfil its obligations under the Guarantee and/or the Borrower’s payment obligations under the Facility Agreement.

If the Group is unable to effectively maintain its business, its financial condition and results of operations may be materially and adversely affected

The Group's financial condition and results of operations are affected by its ability to effectively improve or maintain the diversity and market position of its operations. No assurance can be given that the diversity and market position of its operations will not deteriorate. The diversity and market conditions may be affected by a variety of factors, many of which are beyond the Group's control. These factors include the slowdown and structured reform of the PRC economy, the PRC government's monetary policies, adverse developments in the PRC economy or other major economies, and natural disasters. These factors may adversely affect the business, liquidity or repayment capabilities of the Guarantor under the Guarantee and its ability to meet its obligations.

If the Group is unable to successfully maintain the growth of its business, financial condition, results of operations and prospects may be materially and adversely affected

The Group has continued growing in recent years. Growth of the Group's businesses are subject to China's macroeconomic condition as well as other factors beyond its control, such as Gross Domestic Product ("GDP") growth, inflation rate, changes in the interest rates, and changes in laws, regulations and rules governing the banking and financial industries. Therefore, the Group cannot assure that it will be able to successfully maintain the growth of its businesses. Any of the above factors could prevent the Group and its subsidiaries from growing its businesses and thereby materially and adversely affect its financial condition, results of operations and prospects.

The Guarantor and its subsidiaries will be exposed to new risks as they continue to expand product and service offerings

The Guarantor and its subsidiaries have been intensifying product development efforts while continually expanding product and service offerings to meet customer needs and to enhance competitiveness both in the PRC and internationally. The Guarantor and its subsidiaries may therefore be exposed to new, more challenging risks, including:

- insufficient experience or expertise in new products and services, which may prevent it from effectively competing with its competitors;
- imitation of new products and services by its competitors;
- lack of market acceptance of its new products and services among its customers;
- inability to provide satisfactory customer services;
- inability to attract necessary additional qualified staff on commercially reasonable terms;
- lack of necessary financial, operational, management and human resources;
- inability to obtain relevant regulatory approvals and permits;
- inability to secure long-term supply of resources and inputs necessary for products; and
- failure to comply with laws and regulations, approval or license requirements of the overseas markets into which it will expand.

If it is unable to successfully expand its product and service offerings, or its new products and services prove to be less profitable than expected due to above risks, the Guarantor's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Guarantor and its subsidiaries may not be able to recruit and retain a sufficient number of qualified staff

The Guarantor and its subsidiaries' future success depends significantly on the experience, expertise and marketing abilities of key personnel, including its senior management. Loss of these personnel may adversely affect its business and results of operations.

If the Group fails to fully comply with applicable regulatory requirements, their reputation could be damaged, and their business, financial condition and results of operations could be materially and adversely affected

The Group is subject to regulatory requirements set forth by various PRC regulatory authorities, in particular, those related to environment protection as well as import and export of products. These regulatory authorities may conduct periodic or ad hoc inspections, spot checks and investigations on the Guarantor and its subsidiaries and have the authority to impose fines on it or to require it to take remedial or corrective measures based on their findings.

No assurance can be given that the Guarantor or one of its subsidiaries will be able to comply with all the applicable regulatory requirements at all times, or that it will not be subject to any penalties or be required to take remedial or corrective measures in the future as a result of such non-compliance. The Guarantor's failure to comply with applicable regulatory requirements may damage its reputation and have a material adverse effect on its business, financial condition and results of operations.

The Guarantor and its subsidiaries may be unable to effectively detect and prevent their employees, their customers or any other third parties from engaging in illegal activities or other misconduct

Fraud or other misconduct committed by the Guarantor or its subsidiaries' employees or third parties may be difficult to detect or prevent and could subject it to financial losses and regulatory penalties as well as serious damage to its reputation.

Illegal activities and other misconduct committed by the Guarantor or its subsidiaries' employees and staff of its agency outlets include, but are not limited to, embezzlement, corruption, bribery, unauthorized extension of credit, illegal fund-raising, and fraud, as well as misappropriation, theft and deception of customer funds. Furthermore, the illegal activities or misconduct of the Guarantor or its subsidiaries' customers or other third parties conducted to them, such as fraud, theft, and stealing of customer information, may damage their reputation or cause them to incur economic losses.

Uncertainties in the global economy and, in particular, the PRC economy and the financial markets could materially and adversely affect the Guarantor and its subsidiaries' financial condition and results of operations

While the global economy has gradually recovered since the financial crisis in 2008, although at a slow pace, substantial uncertainties remain in the global and the PRC economy. In recent years, while major economies, such as the European Union and Japan, remained sluggish, China and some other emerging markets have seen slowing growth rates. According to the World Bank, growth rate of global economy for 2017 is projected to be 2.4 per cent., which is far lower than the average growth rate of around 5 per cent. in the five years prior to 2008. According to the PRC government, China's real GDP growth rate in 2015 was 6.9 per cent., which was the lowest in the past 25 years. The slowing global economy growth and other factors have resulted in fluctuations in the global raw materials prices, such as coal, oil and copper, and the increasing volatilities in the international capital markets. In addition, the increase in U.S. dollar interest rate in the United States, the world's largest economy, the quantitative easing or negative interest rate policies implemented by the European Union and Japan in recent years, and the impact of the proposed exit of the United Kingdom from the European Union, have further intensified the uncertainties in the global economy.

Uncertainties in the global and the PRC economies may lead to contraction of liquidity, reduced credit availability, deterioration in asset values, increase in bankruptcies, rising unemployment rates, declining consumer and business confidence and other adverse consequences. These uncertainties may adversely affect the Group's financial condition and results of operations in many ways, including, among other things:

- The Group's ability to raise additional capital on favorable terms, or at all, may be adversely affected; and
- Trade and capital flows may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect the Group's business prospects and sales of rubber, tyre and electrical products directly related to international trade and logistics.

If the global and the PRC economies continue to grow slowly, or even experience a downturn, the Group's business, results of operations and financial condition could be materially and adversely affected.

The Group may be involved in legal and other disputes from time to time arising in the ordinary course of the Guarantor and its subsidiaries' business

The Group may be involved in legal and other disputes from time to time arising in the ordinary course of its business. These disputes primarily relate to civil and administrative disputes, with a majority over purchase and sales contracts. No assurance can be given that the Group will obtain judgment favorable to them in litigations in which they are involved. Any disputes arising in the future may also damage their reputation, increase its operational costs, or divert its resources and management attention from its business.

Certain countries or persons with whom the Guarantor or its customers transact with could be subject to U.S. sanctions or other sanctions

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries or governments (such as Iran, Cuba, Crimea, North Korea, Sudan and Syria) and with certain persons or businesses that have been specially designated by the U.S. Treasury Department's Office of Foreign Assets Control or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

The Guarantor and its subsidiaries may provide trade settlement, payments and other services to customers doing business with, or located in, the above countries or persons to which sanctions apply. The Guarantor and its subsidiaries' controls are designed from its position as a domestic business with limited international operations and seek to ensure compliance with applicable sanctions laws and requirements in that domestic context. There is always the possibility that particular customers may engage in transactions that implicate the United States, European Union or other sanctions. If it is later determined that its customers have involved it in transactions that violate or are sanctionable under the United States or other sanctions regulations, it may be subject to sanctions or other penalties by the United States or other countries, and its reputation and future business prospects could be adversely affected.

The Group's petrochemical product business may be adversely affected by the fluctuation of international prices of fuel oil, methanol and refined oil products

The petrochemical product business accounts for a substantial portion of the overall business operation of the Guarantor. The Group consumes a large amount of fuel oil and methanol, its main raw materials, to produce its refined oil products. An increase of fuel oil or methanol prices may impact the Group's cost of production for its refined oil products, which it may not be able to pass on to its customers in a timely manner or at all due in part to the control of retail prices by the PRC government. A decline in refined oil products will reduce the Group's revenue and impact its profitability, however an increase in the refined oil products prices, however, will increase the production costs of the Group's chemical products which use refined oil products as raw materials. The Group does not have, and will not have, control over the factors affecting international prices for these products. While the Group may try to adjust the selling price of its products to track international prices of fuel oil, methanol and refined oil products, its ability to pass on the increased costs resulting from price fluctuations to its customers may be limited, and is dependent on international and domestic market conditions as well as the PRC government's price control measures over refined oil products. Due to the volatile prices on the international oil market in recent years, the NDRC promulgated a price-setting mechanism for domestic refined oil products so that domestic refined oil products prices are in line with those on the international markets. Although the current price-setting mechanism for refined oil products in China allows the PRC government to adjust prices in the PRC market when the average international crude oil price fluctuates beyond certain levels within a certain time period, the PRC government still retains discretion as to whether or when to adjust the refined oil products prices. The PRC government generally exercises certain price controls over refined oil products once international crude oil prices experience sustained rises or become significantly volatile. For example, recently, the NDRC has made a series of decisions to lower the retail prices of gasoline and diesel by RMB85 per tonne and RMB80 per tonne and by RMB145 per tonne and RMB140 per tonne, in late 2015 and by RMB140 per tonne and RMB 135 per tonne in early 2016, respectively. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected by the fluctuation of fuel oil, methanol and refined oil product prices.

The Group faces significant competition in the markets in which it operates, which could adversely affect its businesses

The Group faces significant competition in the markets in which it operates. In its petrochemical products, tyre products, electric cable wire products and chemical related products, the Group competes with other large-scale domestic competitors in the PRC which may have certain competitive advantages over the Group such as market presence, production scale and technological knowhow. The Group's market position in its respective businesses

depends on its ability to anticipate and respond to various competitive factors, such as introducing new or improved products, responding to pricing strategies adopted by competitors and changes in customer preferences. There can be no assurance that current or potential competitors of the Group will not offer products comparable or superior to those the Group at the same or lower prices or adapt more quickly to evolving industry trends or changing market requirements. The Group may lose its customers to its competitors if, among other things, it fails to keep its prices and quality of its products at competitive levels for comparable products or if it is unable to differentiate itself from its competitors. Increased competition in the markets in which the Group operates may also result in price reductions, reduced profit margins or loss of market share, any of which could adversely affect the business, financial condition and results of operations of the Group.

The Group operates in a capital-intensive business, and a significant increase in capital costs could have a material adverse effect on the Group's financial performance

The Group's business operation and development requires significant capital expenditures. In particular, significant capital investment is required to build, maintain and operate its production facilities and engage in its construction and real estate activities. The Group also requires significant capital for the purchase of manufacturing equipment, the development of new products and the development and implementation of new technologies. Any potential increase in the price of equipment, or in the prices of key components and raw materials used to build such equipment could result in additional capital investment being required.

Furthermore, a substantial portion of the Group's capital could be incurred in advance of any additional sales to be generated by such new or upgraded production facilities or engagement in new financing or construction projects. In the event that existing resources of the Group are not sufficient for its business needs, the Group may have to seek additional financing from external sources. The Group's ability to obtain external financing in the future is subject to a variety of uncertainties, including (i) obtaining the necessary PRC government approvals to raise finance for its business, (ii) its future financial condition, operating results and cashflows, and (iii) the general condition of the global and domestic financial markets and (iv) changes in the monetary policy of the PRC government with respect to lending rates and lending policies. There is no assurance that the Group will be able to raise finance required for its planned capital expenditures on acceptable terms or at all. If the Group is unable to raise such finance, it may have to reduce its planned capital expenditures and/or delay or even abandon its expansion plan, which could in turn have a material adverse effect on its business, financial condition and results of operations.

Production processes and results of operations of the Group may be impaired by manufacturing capacity constraints

The Group's ability to manufacture products is limited by the capacity of its production facilities and workforce. The Group manages its capacity by various means including utilising its existing workforce or outsourcing, but it cannot guarantee it will be able to manage its capacity effectively nor can it guarantee the availability of skilled labour at reasonable cost at all.

To expand its production capacity, the Group has to either upgrade its existing equipment or acquire new equipment and hire skilled workers to operate it. There can be no assurance that the relevant equipment will be made available in a timely manner or at a reasonable cost, or that the Group will have access to a sufficient number of skilled employees to upgrade, install or operate the relevant equipment. If the Group is unable to increase its production capacity effectively or in a timely manner, its business, financial condition and results of operations could be adversely affected.

The Group's real estate and construction business is subject to concentration risk and cyclical downturn

The Group's real estate and construction business is concentrated in Dongying, PRC where it has developed a high-end residential property project and a commercial property complex named "Wanda Plaza" together with an established PRC real estate developer. As a result the real estate and construction business of the Group is particularly vulnerable to a local-level and/or national economic downturn in the PRC given the concentration of its operations, which in turn will affect the demand and value of such projects and therefore may materially and adversely affect the results of operations of the Group.

The Group's port logistics and international trade business is subject to cyclical downturn

The Group's port logistics and international trade business is subject to fluctuations in economic growth in the PRC and globally. In the event of a downturn in the PRC or global economic growth and trade more generally, demand for the Group's export products including tyres and electrical products will likely decline and may materially and adversely affect the results of operations of the Group and the ability of the Guarantor to meet its obligations under the Guarantee.

Fluctuations in the supply and price of raw materials could result in increased operating expenses that the Group may not be able to pass on to its customers

As part of its operations, the Group must obtain from its suppliers sufficient quantities of raw materials, such as fuel oil, steel, copper, rubber and other materials at acceptable prices and quality in a timely manner. There can be no assurance that the Group will be able to obtain sufficient amount of raw materials from its existing suppliers or from alternative sources at acceptable prices, in a timely manner, or at all. Furthermore, prices and availability of raw materials, such as steel and rubber that are critical to the production of the Group's core products have been subject to various factors, including global economic conditions, foreign exchange rate fluctuations, pricing cyclicality, periodic shortages of supply in the PRC or national policies in force from time to time, thus increasing the uncertainty to secure raw materials by the Group. There can be no assurance that shortages of raw materials will not occur in the future or that the Group will be able to pass on any increased costs to its customers. Any failure to obtain adequate and sufficient raw materials, or to do so on commercially acceptable terms and in a timely manner, could interfere with the Group's manufacturing operations, and have a material adverse effect on its business, financial condition and results of operations.

The inherent hazardous nature of the Group's petrochemical product, tyre product, electric cable wire product and chemical related product manufacturing business exposes the Group to potential liabilities, which could harm its reputation and cause it to incur substantial costs

The manufacturing of the Group's petrochemical products, tyre products, electric cable wire products and chemical related products have inherent risk of fire, collisions, explosions and other disasters, environmental pollution, cargo and property loss or damage, and business interruption caused by mechanical failure, human error, political action, labour strikes, adverse weather conditions and other circumstances or events. Despite compliance with the requisite safety requirements and standards, the Group is subject to risks surrounding these activities, such as the risk of equipment failure, industrial accidents, fire, explosion and failure of employees to follow proper safety procedures. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in damage to the Group's business reputation and corporate image, suspension of the Group's operations and the imposition of civil or criminal penalties.

Insurance policies, in particular, have become increasingly expensive and sometimes very difficult to obtain. Moreover, there may be circumstances where the Group is not fully covered by insurance policies for environmental liability, third-party liability, business interruption or loss of profit arising from disruption of its operations such as accidents at its construction sites or facilities, demonstrations and protests by its workers or third parties. Failure to effectively cover the Group against these risks for any of the above reasons could expose the Group to substantial costs and potentially lead to significant losses. In addition, the occurrence of any of these risks could damage the Group's reputation and relationships with regulators and other customers, which may materially hinder the Group's prospects for winning tenders for new projects. The occurrence of any of the above situations may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may face intellectual property infringement claims, which could be time-consuming and costly and, if successful, result in the loss of significant rights and ability to continue providing new and existing products

The Group's business depends heavily on its ability to use and develop technology and know-how without infringing the intellectual property rights of third parties. Many participants in the equipment manufacturing industry have a significant number of patents and have frequently demonstrated a readiness to commence litigation based on allegations of patent and other intellectual property infringement. From time to time, third parties, including those patent holding companies who do not have concrete business operations in the industry and whose main business is to engage in litigation with companies like the Group, may in the future, assert infringement claims against the Group.

Intellectual property litigation is expensive and time-consuming, and could divert management's attention from its business. If there is a successful claim of infringement against the Group, it may be required to pay substantial compensation, develop non-infringing technologies or enter into royalty or license agreements that may not be available on acceptable terms, if at all. The Group's failure, in such circumstances, to develop non-infringing technologies or license the proprietary rights on a timely basis with acceptable terms would harm its business. Protracted litigation could also result in the Group's customers or potential customers deferring or limiting their purchases from it or use of its products until resolution of such litigation. Also, the Group may be unaware of filed patent applications that relate to its products. Parties making infringement claims may be able to obtain injunction, which could prevent the Group from selling its products or using technology that contains the allegedly infringing

intellectual property. Such intellectual property litigation or proceedings could have a material adverse effect on the Group's business, financial condition and results of operations.

Limited availability of public information on the Group

Each member of the Group is a private company, is not listed on any stock exchange and is not required under PRC laws and regulations or the laws and regulations of its jurisdiction of incorporation to publish its financial statements or make periodical public announcements. Therefore there is less publicly available information about any member of the Group than is regularly made available by public companies in certain other countries. Additionally, copies of the audited and unaudited consolidated financial statements of the Guarantor produced by the Guarantor and made available after the financial year ended 31 December 2016, shall be in Chinese only and no English translations will be made available.

RISKS RELATING TO THE PRC

Fluctuations in exchange rates

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate significantly and is affected by, among other things, the domestic and international economies, political conditions and the supply and demand of currency. Under current government policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in an appreciation in the value of the Renminbi against the U.S. dollar. It is possible that the PRC government could adopt a more flexible currency policy, which could result in further and more significant revaluations of the Renminbi against the U.S. dollar or any other foreign currency.

Although the Issuer itself has no exposure to currency fluctuations, any fluctuations in the value of the Renminbi as against major currencies may affect the ability of the Borrower to make timely repayments under the Facility Agreement.

Changes in the economic, political and social conditions in the PRC and policies adopted by the PRC government could adversely affect the Guarantor's operations

The Guarantor is based in the PRC and its assets are substantially located in the PRC. Therefore, the results of its operations, financial condition and prospects are, to a significant degree, affected by the economic, political, legal developments and government policies in the PRC. Furthermore, as the rating of the Notes is heavily reliant on the rating of the Guarantor, economic, political and social changes in the PRC which affect the business of the Guarantor may in turn affect its rating and the rating ascribed to the Notes.

In recent years, the growth of the PRC's economy has slowed and the global economic conditions are still comparatively unstable and uncertain. If the PRC economy experiences significant downturn, the unfavourable business environment and economic conditions could materially and adversely affect the financial condition and results of the Guarantor. Additionally, changes in market conditions and pattern of economic growth, as well as reform and consolidation of industries may affect various PRC industries and businesses, which in turn may adversely affect the Guarantor's operations and financial condition.

Furthermore, although the PRC's economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling foreign exchange, setting monetary policy and providing preferential treatments to particular industries or companies. In recent years, the PRC government has implemented economic reform measures emphasising the use of market forces to drive economic development. These economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, while some of these measures may benefit the overall PRC economy, others may also have a less positive impact on the country's economy and may negatively affect various industries and businesses across the PRC, including the Guarantor's customers.

The PRC legal system is constantly evolving and has inherent uncertainties that could limit available legal recourse

PRC procedural and substantive laws may differ from comparable provisions of the local laws of jurisdictions with which the Noteholders are familiar. The PRC legal system is based on written statutes. Prior court decisions may be

cited for reference but have limited precedential value. The interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, and may not be as consistent or predictable as in other more developed legal systems. These uncertainties may impede the ability of the Facility Agent to enforce the Guarantee. In addition, any litigation in the PRC may be protracted and result in incurring substantial costs and time.

The PRC imposes foreign exchange control and its current policies allowing purchasing of foreign exchange with Renminbi to repay foreign exchange denominated foreign debt may alter in the future

Despite a significant reduction of control by the PRC government over cross-border foreign exchange transactions, the PRC government continues to regulate conversion between the Renminbi and foreign currencies. Although currently the PRC regulations permit an onshore entity to purchase foreign exchange with Renminbi for the purpose of remittance out of the PRC to repay foreign exchange-denominated foreign debt, the Issuer cannot assure that new PRC regulations will not be promulgated which have the effect of restricting or eliminating the purchase of foreign exchange with Renminbi and remittance of foreign exchange into or outside the PRC.

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

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

There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Offering Circular with respect to the PRC or its economy

Facts, forecasts and statistics in this Offering Circular relating to the PRC and the PRC's economy, including its market share information, are derived from various official and other publicly available sources which are generally believed by the Issuer and the Borrower to be reliable. However, there can be no assurance as to the quality and reliability of such official source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Issuer, the Borrower, the Guarantor, Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Security Trustee, the Transaction Administrator, the Account Bank, the Facility Agent, the MLAB, the Trustee, the Agents or their respective advisers and therefore none of the Issuer, the Borrower, the Guarantor, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Security Trustee, the Transaction Administrator, the Account Bank, the Facility Agent, the MLAB, the Trustee, the Agents or their respective advisers makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. Each of the Issuer and the Borrower has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

USE OF PROCEEDS

The Issuer will apply all proceeds of the issuance of the Notes amounting to U.S.\$100,000,000 towards (a) the advance of the drawdown proceeds to the Borrower under the Facility; and (b) the capitalisation of the Note Expense Account with an amount of U.S.\$2,000.

The Borrower will in turn procure that the proceeds of such drawdown for (a) refinancing of its existing indebtedness, (b) general corporate purposes; and (c) the payment of all fees in connection with the Facility.

RATING OF THE NOTES

It is a condition of the issuance of the Notes that the Notes are assigned a rating of not lower than AA+ by the Rating Agency.

A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment, if any, or the receipt of default interest and may be subject to revision, qualification or withdrawal at any time by the assigning rating organisation.

TERMS AND CONDITIONS OF THE NOTES

The following (other than the words in italics) is the text of the Terms and Conditions of the Notes substantially in the form in which it will appear on the reverse of each of the definitive certificates evidencing the Notes:

The issue of U.S.\$100,000,000 7.95 per cent. Fixed Rate Secured Notes due 2020 (the “**Notes**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 18 and to be consolidated and forming a single series therewith) was authorised by a resolution of the Board of Directors of China Wanda International Funding Pte. Ltd. (the “**Issuer**”) passed on 8 December 2017. The Notes are constituted by a trust deed (the “**Trust Deed**”) dated on or about 14 December 2017 (the “**Closing Date**”) between the Issuer and Citicorp International Limited as trustee (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) for the holders of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates evidencing the Notes. A transaction administration agreement dated on or about the Closing Date (the “**Transaction Administration Agreement**”) has been entered into in relation to the Notes between the Issuer Citibank, N.A., Hong Kong Branch as account bank (the “**Account Bank**” which term shall include any successor account bank) and Citicorp International Limited as facility agent (the “**Facility Agent**” which term shall include any successor facility agent), transaction administrator (the “**Transaction Administrator**” which term shall include any successor transaction administrator), security trustee (the “**Security Trustee**” which term shall include all persons for the time being the security trustee or security trustees under the Security Trust Deed) and the Trustee. An agency agreement (the “**Agency Agreement**”) dated on or about the Closing Date has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent (the “**Principal Paying Agent**” which term shall include any successor principal paying agent), as registrar (the “**Registrar**” which term shall include any successor registrar), any paying agents (each a “**Paying Agent**” which term shall include the Principal Paying Agent and any successor or additional paying agent), any transfer agents (each a “**Transfer Agent**”, which term shall include any successor or additional transfer agent) and any other agents named in it. “**Agents**” means the Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. Copies of the Trust Deed, the Transaction Administration Agreement (as defined below) and the Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Form, Denomination and Title

- (a) **Form and denomination:** The Notes 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 an “**Authorised Denomination**”). A certificate (each, a “**Definitive Certificate**”) will be issued to each holder of Notes in respect of its registered holding of Notes. Each Definitive Certificate shall be numbered serially and shall have an identifying number which shall be recorded on the relevant Definitive Certificate and in the register of holders of the Notes (the “**Register**”).

*Upon issue, the Notes will be evidenced by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream. The 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 Notes evidenced by the Global Certificate will not be entitled to receive Definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

- (b) **Title:** Title to the Notes shall pass only by transfer and registration of title in the Register. The holder of any Note shall, except as otherwise required by law, be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than the endorsed form of transfer on), or the theft or loss of, the Definitive Certificate issued in respect of it), and no person shall be liable for so treating the holder. In these Conditions, “**Noteholder**” and (in relation to a Note) “**holder**” shall mean the person in whose name a Note is registered in the Register (or in the case of a joint holding, the first named thereof).

2 Status

The Notes constitute direct, unconditional, unsubordinated and secured 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 Notes shall, save for such exceptions as may be provided by applicable law and subject to Condition 4, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

3 Transfers of Notes and Issue of Definitive Certificates

- (a) **Register:** The Issuer will cause the Register to be kept at the specified office of the Registrar (which shall be outside the United Kingdom in all circumstances) and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes. Each Noteholder shall be entitled to receive only one Definitive Certificate in respect of its entire holding of Notes.
- (b) **Transfers:** Subject to the Agency Agreement and Conditions 3(e) and 3(f), all or part of a Note (being in an Authorised Denomination) may be transferred by delivery of the Definitive Certificate issued in respect of that Note, with the form of transfer endorsed on such Definitive Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any Transfer Agent. No transfer of title to a Note will be valid unless and until entered on the Register. In respect of any such transfer, the Registrar, any Transfer Agent and/or Issuer shall be entitled to request any information as to the source of payment used by any such transferee for purchasing the Note or otherwise as may be required to permit the Issuer to discharge its obligations under the laws of Singapore.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant Clearing Systems.

- (c) **Delivery of new Definitive Certificates:** Each new Definitive Certificate to be issued upon a transfer of Notes will, within seven (7) business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent of the Definitive Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Notes but free of charge to the holder and at the Issuer's expense to the address specified in the form of transfer. The form of transfer is available at the specified offices during the normal office hours between 9:00 am to 3:00 pm (local time) of the Registrar and the relevant Transfer Agent.

Where only part of a principal amount of the Notes (being that of one or more Notes) in respect of which a Definitive Certificate is issued is to be transferred or exchanged, a new Definitive Certificate in respect of the Notes not so transferred or exchanged (which shall be an Authorised Denomination) will, within seven (7) business days of delivery of the original Definitive Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred or exchanged (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

In this Condition 3, "**business day**" shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the city in which the specified office of the Registrar, or (as the case may be) such Transfer Agent with which a Definitive Certificate is deposited in connection with a transfer or exchange is located.

- (d) **Formalities free of charge:** Registration of a transfer of Notes and issuance of new Definitive Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or (as the case may be) the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or (as the case may be) the relevant Transfer Agent being satisfied that the regulations concerning transfer of Notes referred to in paragraph (f) below,

have been complied with.

- (e) **Closed periods:** No Noteholder may require the transfer of a Note to be registered during the period of (i) seven (7) days ending on (but excluding) the due date for any payment of principal in respect of that Note, (ii) during the period of ten (10) days ending on (and including) any Record Date (as defined in Condition 7(a)), or (iii) after any such Note has been called for redemption.
- (f) **Regulations:** All transfers of Notes and entries on the Register will be made subject to detailed regulations concerning transfer of Notes, the initial form at which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Noteholder and at the Issuer's expense) by the Registrar to any Noteholder upon written request and is available during normal office hours between 9:00 am to 3:00 pm (local time) at the specified offices of the Registrar and each Transfer Agent.

4 Security and Covenants

- (a) **Security:** The obligations of the Issuer to the Noteholders under the Notes and the Trust Deed are secured by security interests (the "**Security**") pursuant to the Security Documents including:
 - (i) a first ranking security assignment (the "**Security Assignment**") given by the Issuer in favour of the Security Trustee over (x) all its rights, title, interest and benefit (present and future, actual and contingent) in, to and under the Facility Agreement and the Guarantee, including any proceeds arising thereunder; and (y) all its rights, title, interest and benefit (present and future, actual and contingent) in, to and under each Transaction Document and any other agreement or document incidental or ancillary to the Transaction Documents to which the Issuer is a party; and
 - (ii) a first ranking charge (the "**Accounts Charge**") given by the Issuer in favour of the Security Trustee of all its rights, title, interest and benefit (present and future, actual and contingent) in and to all sums of money which may now be or hereafter are from time to time standing to the credit of each and all of the Issuer Accounts and any other bank accounts in which the Issuer may at any time acquire any right, title or interest or benefit for the purpose of the Notes, together with all interest accruing from time to time thereon and the debts represented thereby.
- (b) **Enforcement:** If there has been an Acceleration Event or in any other event where the Security becomes enforceable, the Trustee may, in accordance with the provisions of these Conditions, the Trust Deed and the Security Documents, instruct the Security Trustee to enforce the Security. Each of the Trustee and the Security Trustee shall not be bound to take any such proceedings or action, unless it is indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) **Application of proceeds:** Under the Security Documents and the Trust Deed, all moneys received by the Security Trustee and the Trustee in connection with the realisation or enforcement of the Security will, regardless of any appropriation of all or part thereof by the Issuer, be held by the Security Trustee and the Trustee on trust and applied in accordance with the Security Documents and the Trust Deed respectively.
- (d) **Discharge:** Subject to the terms of the relevant Security Document, upon the Security Trustee being satisfied that all security obligations have been irrevocably paid in full, the Security Trustee shall at the request and cost of the Issuer discharge the Security.
- (e) **Covenants:** Pursuant to clause 6.14 (*Restrictions*) of the Trust Deed, so long as any Note remains outstanding (as defined in the Trust Deed), except for the Security over the Secured Property, and unless (x) the Trustee in its absolute discretion deems not materially less beneficial to the interest of the Noteholders or (y) it is otherwise approved by an Extraordinary Resolution (as defined in the Trust Deed) (an "**Extraordinary Resolution**") of the Noteholders, the Issuer will not:
 - (i) (except in a Qualifying Transaction) engage in any business other than acquiring and

holding the Secured Property and entering into the Transaction Documents, acquiring, benefiting from or entering into any Security Document, entering into related agreements and transactions and performing any act incidental to or necessary in connection with any of the foregoing;

- (ii) dispose of any Secured Property or any interest therein, or create any mortgage, charge or other security or right of recourse in respect thereof in favour of any person other than the Security referred to in the Security Documents;
 - (iii) cause or permit any Security Document or the priority of the Security created by the Security Documents to be amended, terminated or discharged (other than as contemplated by the Security Documents);
 - (iv) release any party to any Security Document from any existing obligations thereunder;
 - (v) have any subsidiaries;
 - (vi) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Facility Agreement (including the giving of any instruction, authority, direction, and sanction, as well as the exercise of any rights thereunder), any Security Document, or any other related transactions;
 - (vii) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person (other than as contemplated by the Security Documents);
 - (viii) have any employees;
 - (ix) issue any shares (other than such shares as are in issue at the date hereof) or declare any dividends or make any distribution to its shareholders;
 - (x) open or have any interest in any account with a bank or financial institution unless such account relates to any Qualifying Transaction, any Notes, the Transaction Documents or any Secured Property or any party thereto, save where either such account or the Issuer's interest in it is simultaneously charged in favour of the Security Trustee so as to form part of such Secured Property or such account is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;
 - (xi) subject as provided in paragraph (i) above, incur any other indebtedness for borrowed moneys; or
 - (xii) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities).
- (f) **Covenant:** So long as any Note remains outstanding, the Issuer undertakes that the Issuer shall not carry on any business or other activities other than those in connection with the issue of, and performance of its obligations under, the Notes and the lending of the proceeds of the issue of the Notes to the Borrower pursuant to the Facility Agreement and any other activities incidental thereto.

In these Conditions:

- (i) “**Account Bank**” means Citibank N.A., Hong Kong Branch and its successors and assigns;
- (ii) “**Account Bank Agreement**” means the account bank agreement dated on or about the Closing Date between the Issuer, the Transaction Administrator and the Account Bank;
- (iii) “**Borrower**” means Hontop Energy (Singapore) Pte. Ltd. (鸿泰能源 (新加坡) 有限公司);
- (iv) “**Code**” means the US Internal Revenue Code of 1986 as amended;

- (v) **“Facility Agent”** means Citicorp International Limited and its successors and assigns;
- (vi) **“Facility Agreement”** means the Facility Agreement dated 11 December 2017 (as may be amended from time to time) between, among others, the Issuer (as Lender under the Facility Agreement) and the Borrower, in relation to a term loan of up to U.S.\$100,000,000 (the **“Loan”**);
- (vii) **“FATCA”** means:
 - (a) sections 1471 to 1474 of the Code or any associated regulations;
 - (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above;
 - (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
 - (d) any treaty, law, regulation, instruction or other official guidance analogous to paragraphs (a) or (b) of this definition enacted or amended in any other jurisdiction from time to time, and any agreement pursuant to the implementation of any such treaty, law, regulation, instruction or other official guidance with any governmental or taxation authority in any jurisdiction.
- (viii) **“Guarantee”** means the irrevocable letter of guarantee issued by the Guarantor in favour of the Borrower in respect of the Borrower’s obligations under the Facility Agreement dated 11 December 2017;
- (ix) **“Guarantor”** means Wanda Holding Group Co., Ltd. (万达控股集团有限公司);
- (x) **“Issuer Accounts”** means the note payment account and the note expense account, each as an interest bearing account in the name of the Issuer with the Account Bank on the terms of the Account Bank Agreement;
- (xi) **“Issuer Administrator”** means Intertrust Singapore Corporate Services Pte. Ltd. and its successors and assigns;
- (xii) a **“Note Event of Default”** means any of the events set out in Condition 9;
- (xiii) **“Qualifying Transaction”** means any transaction having a similar structure of the transaction contemplated under the Transaction Documents with the Borrower as the underlying borrower;
- (xiv) **“Secured Parties”** means the Security Trustee for itself and on behalf of the Trustee (for itself and on behalf of the Noteholders), the Agents, the Account Bank, the Transaction Administrator, the Facility Agent and the Issuer Administrator;
- (xv) **“Secured Property”** means the assets, shares, rights, interests and benefits from time to time which are, or expressed to be, the subject of the Security;
- (xvi) **“Security Documents”** means the Security Trust Deed, the Security Assignment, the Accounts Charge and any other document designated as a Security Document by the Issuer and the Security Trustee;
- (xvii) **“Security Trust Deed”** means the security trust deed dated on or about the Closing Date between the Issuer and the Security Trustee;
- (xviii) **“Transaction Documents”** means the Trust Deed, the Agency Agreement, the Security Documents, the Transaction Administration Agreement, the Account Bank Agreement, the Notes and any other document designated as a Transaction Document by the Issuer and the Security Trustee.

5 Interest

- (a) **Interest Payments:** The Notes bear interest on their outstanding principal amount from and including the Closing Date. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Definitive Certificate evidencing such Note, payment of principal 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 (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (ii) the day seven (7) days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
- (b) **Note Payment Dates:** Interest will be payable on the Notes semi-annually in arrear on 14 June and 14 December of each year, provided that:
- (i) the first Note payment date will be 14 June 2018;
 - (ii) if the Notes have not been previously redeemed in full, the final Note payment date shall be the Expected Maturity Date (or, if applicable, the Legal Maturity Date); and
 - (iii) if any interest payment date would otherwise fall on a day which is not a Business Day, it shall be adjusted in accordance with the Following Business Day Convention,
- (each such note payment date, as so adjusted for Business Days, being a “**Note Payment Date**”).
- (c) **Interest Periods:** Interest on the Notes will be payable by reference to successive interest periods (each, an “**Interest Period**”). The initial Interest Period will commence on (and include) the Closing Date and end on (but exclude) 14 June 2018. Each successive Interest Period (other than the final Interest Period) will commence on and include the last day of the immediately preceding Interest Period and end on (but exclude) the 14th day of the month falling six (6) calendar months from such commencement date, so that each Interest Period will end on (but exclude) 14 June or 14 December of any given year. If the Notes have not been previously redeemed in full, the final Interest Period will commence on (and include) the last day of the Interest Period ending in June 2020 and end on (but exclude) the Legal Maturity Date.
- (d) **Rate of interest:** The rate of interest payable: in respect of the Notes will be 7.95 per cent. per annum.
- (e) **Determination of Interest Amounts:** The amount of interest for each Note (the “**Interest Amount**”) will be calculated by reference to the principal amount of the Note then outstanding as at the first day (taking into account all payments (if any) of the principal amount of the Note on such day) of such Interest Period and a year of 360 days with 12 30-day months and rounding the resulting figure down to the nearest U.S. cent.
- (f) **Definitions:** In these Conditions:
- (i) “**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Beijing, Singapore, Hong Kong and New York; and
 - (ii) “**Following Business Day Convention**” means the convention for adjusting any relevant date such that if such relevant date does not fall on a Business Day, it shall be postponed to the next day which is a Business Day.

6 Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, the Notes will be redeemed in full (and not in part), to the extent of funds available in accordance with the priority of payments set forth in the Transaction Administration Agreement, at their principal amount, together with accrued interest, on the Expected Maturity Date. The Notes may not be redeemed at the option of the Issuer.

If insufficient funds are available to redeem the Notes in full at their principal amount, together with accrued interest, on the Expected Maturity Date, the Issuer will redeem in accordance with the priority of payments set forth in the Transaction Administration Agreement, the Notes in full at their principal amount, together with accrued interest, on the Legal Maturity Date.

- (b) **Early Redemption:** Following a Loan Acceleration or a Loan Prepayment under the Facility Agreement, the Issuer shall forthwith give notice to the Trustee and the Noteholders in accordance with Condition 17 to redeem the Notes in full, in accordance with the priority of payments set forth in the Transaction Administration Agreement, on the Early Redemption Date at the Early Redemption Amount as at such date.
- (c) **Redemption at the option of Noteholders:** Subject to Condition 6(f), each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on (x) a Put Settlement Date in 2018 at 99.008 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date; or (y) a Put Settlement Date in 2019 at 99.483 per cent. of their principal amount, together with accrued interest to the relevant Put Settlement Date (each of these amounts, the "**Put Settlement Amount**"). To exercise such right, the relevant Noteholder must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificates evidencing the Notes to be redeemed (if applicable), not more than 60 Business Days and not less than 30 Business Days prior to:
 - (i) the Note Payment Date falling in December 2018 for redemption on such Note Payment Date; or
 - (ii) the Note Payment Date falling in December 2019 for redemption on such Note Payment Date,

each such Note Payment Date being a "**Put Settlement Date**".

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes held by the relevant Noteholder subject to the Put Exercise Notice and the Certificates evidencing the Notes to be redeemed (if applicable) being delivered as aforesaid on the applicable Put Settlement Date.

For the avoidance of doubt, no redemption at the option of Noteholders will take place if the relevant Put Settlement Date falls on the same date as the Early Redemption Date for the early redemption pursuant to Condition 6(b) above.

- (d) **Cancellation:** All Notes redeemed will be cancelled by the Paying Agent or the Registrar to whom such Notes are presented for redemption or surrender, and may not be resold or reissued.
- (e) **Certain definitions:** For the purposes of these Conditions:
 - (i) "**Early Redemption Amount**" means, on any date, an amount equal to the sum of (i) the principal amount of the Notes outstanding as at such date (ii) accrued interest thereon to, but excluding, such date and (iii) the aggregate Early Redemption Fee under the Facility Agreement;
 - (ii) "**Early Redemption Date**" means the date falling nine (9) Business Days after the earlier of (i) the date on which the acceleration in full of the Facility Agreement occurs; (ii) the date on which the Facility Agreement becomes due for repayment pursuant to a Loan Prepayment, as notified to the Transaction Administrator by the Facility Agent;
 - (iii) "**Early Redemption Fee**" means an additional amount equivalent to the Early Termination Fee (as defined in the Facility Agreement);
 - (iv) "**Expected Maturity Date**" means the day falling six (6) Business Days prior to the Legal Maturity Date;

- (v) “**Legal Maturity Date**” means 14 December 2020;
 - (vi) “**Loan**” means, as the context requires, the loan made or to be made under the Facility Agreement or the principal amount outstanding for the time being of the loan;
 - (vii) “**Loan Acceleration**” means the acceleration in full of the Loan in accordance with the terms of the Facility Agreement; and
 - (viii) “**Loan Prepayment**” means (i) the mandatory prepayment of the Loan arising from a Mandatory Prepayment Event (as defined in the Facility Agreement); or (ii) the voluntary full prepayment of the Loan, pursuant to and in accordance with the terms of the Facility Agreement.
- (f) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6.

If there is more than one notice of redemption given of any Notes (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Noteholder pursuant to Condition 6(c)), the notice given by the Issuer pursuant to Condition 6(b) 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 and none of them shall be liable to any Noteholders, the Issuer or any other person for not doing so.

7 Payments

- (a) **Method of Payment:**
 - (i) Payments of principal shall be made (subject to surrender of the relevant Definitive Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Notes evidenced by such Definitive Certificates) in the manner provided in paragraph (ii) below.
 - (ii) Interest on each Note shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in USD either by transfer to the registered account of the Noteholder or by cheque drawn on a bank that processes USD payments and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.
 - (iii) For the purposes of this Condition 7, a Noteholder’s “**registered account**” means the USD account maintained by or on behalf of it with a bank that processes USD payments, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.
 - (iv) If the amount of principal being paid upon surrender of the relevant Definitive Certificate is less than the outstanding principal amount of the Notes evidenced by such Definitive 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 Noteholder) issue a new Definitive Certificate at the Issuer’s expense with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.
- (b) **Payment initiation:** Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of

payments of principal where the relevant Definitive Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Definitive Certificate is surrendered.

- (c) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (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 act solely as agents of the Issuer (or, in certain circumstances specified in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder. 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 Notes may be listed, in each case, as approved by the Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Noteholders.

- (e) **Delay in payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Payment Business Day or if the Noteholder is late in surrendering or cannot surrender its Definitive Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Note 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 or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in Beijing, Singapore, New York and Hong Kong, the place in which the specified office of the Principal Paying Agent is located and (if surrender of the relevant Definitive Certificate is required) the relevant place of presentation.

8 Taxation

- (a) All payments of principal, interest and Early Redemption Fee by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or made for or on account of FATCA.
- (b) If any such withholding or deduction is required by law or made for or on account of FATCA, the Issuer shall make such payments in accordance with Condition 7 after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any of the Agents (or any other party) will be obliged to make any additional payments to the holders of the Notes in respect of such withholding or deduction.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not

exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

9 Note Events of Default

If any of the following events occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least one third in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest (the giving of such notice being an “**Acceleration Event**”):

- (a) **Non-Payment:** there has been a failure to pay the principal, interest or any Early Redemption Fee (in each case, under the Notes only) within two (2) Business Days after the same has become due and payable;
- (b) **Breach of other obligations:** there has been a material default by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Notes or the other Transaction Documents, and such material default, if capable of being remedied or cured, is not remedied or cured within two (2) Business Days. For the avoidance of doubt, “material default” as used in this paragraph (b) shall refer to any material default by the Issuer that is likely to result in any non-payment by the Issuer under the Notes;
- (c) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or, a material part of the property, assets or revenues of the Issuer and is not discharged or stayed within thirty (30) days of having been so levied, enforced or sued out;
- (d) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer;
- (e) **Winding-up:** an administrator is appointed, an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, or the Issuer 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 reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders;
- (f) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Transaction Documents; or
- (g) **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 paragraphs (c) to (f) of this Condition 9.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten (10) years (in the case of principal or Early Redemption Fee) or five (5) years (in the case of interest) from the appropriate payment dates in respect of them.

11 Limited Recourse and No Petition

- (a) **Limited Recourse:** Recourse against the Issuer, and the liability of the Issuer, in relation to its obligations under the Notes and the Transaction Documents, shall be limited at all times to the amounts from time to time available in accordance with, and in the order of priorities set out in clause 5 (*Payments*) of the Transaction Administration Agreement. Accordingly, no Noteholder (or other Secured Party) shall have any claim or recourse against the Issuer in respect of any amount which is or remains, or will remain, unsatisfied when no further amounts are receivable or

recoverable in respect of the Secured Property and all funds comprising the Secured Property and/or representing the proceeds of realisation thereof have been applied in accordance with the provisions of the Transaction Documents, and any unsatisfied amounts shall be waived and extinguished and the Notes shall cease to be outstanding. In addition, where compliance with the obligations imposed on the Issuer under any Transaction Document would require the expenditure by the Issuer of its own funds, the obligations of the Issuer shall be limited to the extent that it is put in funds to meet such expenditure.

- (b) **No Petition:** No Noteholder shall have the right to take any action to commence any case, proceedings, proposal or other action under any existing or further law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, arrangement in the name of insolvency proceedings, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Issuer or the debts of the Issuer, *provided that*, nothing in this paragraph (b) shall:
- (i) prevent the Trustee or the Security Trustee (subject to them being first indemnified and/or secured and/or pre-funded to their satisfaction) from initiating any proceedings for the purpose of enforcing the obligations of the Issuer under the Transaction Documents or from obtaining a declaratory judgment as to the obligations of the Issuer under the Transaction Documents owed to any Noteholder (provided that no action is taken to enforce or implement such judgment); or
 - (ii) prevent any Noteholder from lodging a claim in any action as aforesaid which is initiated by any person (other than the Trustee).
- (c) **Corporate obligations:** The Issuer's obligations are corporate obligations of the Issuer and no Noteholder shall have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document.

12 Replacement of Definitive Certificates

If any Definitive Certificate is mutilated, defaced or alleged to be lost, stolen or destroyed it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer and/or such Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

13 Meetings of Noteholders and Modification

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders 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. Such a meeting may be convened by the Trustee or the Issuer, and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding and is 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. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, (iv) to modify the definition of "Noteholders" in the Security Trust Deed, (v) to modify any Security Document in a manner which would affect the nature or the scope of the Secured Property, (vi) to modify the Security Trust Deed to vary the manner in which the proceeds of enforcement of the Security are distributed by the Security Trustee, (vii) to modify clause 6.35 ("Directions from Trustee") of the Security Trust Deed, (viii) to modify any Security Document in a manner which would or is likely to

have a material adverse effect on the Security, (ix) to instruct the Issuer to exercise a right of acceleration or prepayment under the Facility Agreement, or (x) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on the Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders 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 Noteholders.

- (b) **Modification and waiver:** The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of these Conditions or any of the provisions of any Transaction Documents or the Notes which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of any Transaction Documents or the Notes which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders. The Security Trustee may agree, without the consent of the Trustee or the Secured Parties, to any modification to the Security Documents which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

14 Provision of Information

Each Noteholder (and any beneficial owner of an interest in a Note) shall provide any forms, certifications and other documentation reasonably requested by (or on behalf of) the Issuer, any Agent or a taxing authority in order to enable the Issuer or such Agent to comply with FATCA or to determine the amount to deduct and withhold from any such payments. For the avoidance of doubt, such documentation may include, inter alia, identifying information (residence, citizenship, telephone number) about such holder or owner as well as identifying information about equity holders in such holder or owner.

15 Enforcement

At any time after the occurrence of an Acceleration Event, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes (including without limitation, instructing the Security Trustee pursuant to Condition 4(b)), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one third in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

16 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 proceedings to enforce payment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with

the Issuer, the Borrower, the Guarantor and any entity related to any of them without accounting for any profit.

The Trustee may rely without liability to Noteholders on any report, confirmation, opinion or certificate or any advice of accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto 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, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Borrower, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee, the Security Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Borrower, the Guarantor and any other person appointed by the Issuer, the Borrower and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer, the Borrower or the Guarantor to the contrary, the Trustee, the Security Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee, the Security Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee, the Security Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee and the Security Trustee shall be entitled to rely on: (i) (in the case of the Trustee) any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed, and (ii) (in the case of the Security Trustee) any notice or instruction from the Trustee. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Note Event of Default has occurred or monitor compliance by the Issuer, the Borrower or the Guarantor with the provisions of the Transaction Documents or these Conditions.

17 Notices

Notices to Noteholders will be valid if (a) made in writing in English and mailed to them by uninsured mail at the Issuer's expense at their addresses in the Register maintained by the Registrar; or (b) published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be The Wall Street Journal Asia). 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 Notes 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 Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18 Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further securities having the same terms and conditions as the Notes in all material respects (or in all material respects save for the first payment of interest on them) and so that the same shall be consolidated and form a single series with the outstanding Notes. Any further securities shall be constituted by a deed supplemental to the Trust Deed.

19 **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20 **Governing Law**

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Security Documents (other than the Accounts Charge which is governed by Hong Kong law) and the Notes 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 England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Agency Agreement, the Security Documents (other than the Accounts Charge, whereas the courts of Hong Kong are to have non-exclusive jurisdiction) and the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement and the Notes (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer irrevocably submits to the jurisdiction of such courts.
- (c) **Agent for Service of Process:** Pursuant to the Trust Deed, the Agency Agreement and the Security Documents (other than the Accounts Charge pursuant to which the Issuer has irrevocably appointed an agent in Hong Kong), the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes.
- (d) **Waiver of Immunity:** The Issuer has, pursuant to the Trust Deed, the Agency Agreement and the Security Documents, waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

THE FACILITY AGREEMENT

The following is a summary of certain provisions of the Facility Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Facility Agreement. It does not restate those agreements among the parties thereto in their entirety.

The key provisions of the Facility Agreement are summarised below.

As the Issuer is the sole lender under the Facility Agreement, references to “Majority Lenders” and “Lenders” in the summary below shall be construed as references to the Issuer (in its capacity as sole lender under the Facility Agreement).

Facility Type	Term loan facility (the “ Facility ”)
Aggregate Facility Amount	U.S.\$100,000,000 (the “ Facility Amount ”)
Final Maturity Date	14 December 2020 (the “ Final Maturity Date ”)
Purpose	<p>The Borrower shall ensure that all amounts borrowed by it under the Facility are applied towards:</p> <ul style="list-style-type: none">(a) refinancing of its existing indebtedness;(b) general corporate purposes; and(c) payment of all fees in connection with the Facility.
Interest Period	<ul style="list-style-type: none">(a) Subject to the provisions of the Facility Agreement, each Interest Period for the Loan shall be six (6) months.(b) The first Interest Period for the Loan shall commence on (and include) the Utilisation Date and end on (but exclude) 14 June 2018.(c) Each successive Interest Period will commence on (and include) the last day of the immediately preceding Interest Period and end on (but exclude) the 14th day of the month falling six (6) calendar months from such commencement date, so that each Interest Period will end on (but exclude) 14 June or 14 December of any given year.(d) The final Interest Period shall commence on (and include) 14 June 2020 and end on (but exclude) the Final Maturity Date.(e) An Interest Period for the Loan shall not extend beyond the Final Maturity Date. <p>“Utilisation” means the utilisation of the Facility.</p> <p>“Utilisation Date” means the date of the Utilisation, being the date on which the Loan is made or to be made.</p>
Loan	“ Loan ” means, as the context requires, the loan made or to be made under the Facility Agreement or the principal amount outstanding for the time being of the loan.
Interest Rate	7.95 per cent. per annum
Payment of Interest	<ul style="list-style-type: none">(a) On each Interest Payment Date the Borrower shall pay accrued interest on the Loan.(b) For the avoidance of doubt, notwithstanding that each Interest Payment Date falls before the last day of the Interest Period relating to it, the Borrower agrees that the interest payable on each Interest Payment Date shall be calculated on the basis of

the entire Interest Period relating to that Interest Payment Date (as opposed to the interest payable up to that Interest Payment Date).

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Beijing, Singapore, Hong Kong and New York.

“**Interest Payment Date**” means the Business Day which is the ninth (9th) Business Day (for the avoidance of doubt, in inverse chronological order) prior to the Interest Payment Reference Date in relation to the last day of each Interest Period.

“**Interest Payment Reference Date**” means, in relation to the last day of each Interest Period,

- (a) if the last day of such Interest Period is a Business Day, that last day; or
- (b) if the last day of such Interest Period is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is no such next Business Day in the same calendar month).

Conditions of Utilisation

(a) The Lenders will only be obliged to comply with clause 5.4 (*Lenders’ participation*) of the Facility Agreement in relation to any Utilisation Request if on or before the Utilisation Date for the Utilisation, the Facility Agent has received all of the documents and other evidence listed below in form and substance satisfactory to the Facility Agent (acting on the instructions of the MLAB). The Facility Agent shall notify the Borrower and the Lenders promptly upon receiving such documents and other evidence:

- (i) a copy of the constitutional documents of the Borrower;
- (ii) a copy of the constitutional documents of the Guarantor;
- (iii) a copy of a resolution of the board of directors and a resolution of the shareholder(s) of the Borrower and a letter of authorisation from the Guarantor;
- (iv) a specimen of the signature of each person authorised by any resolution referred to in (iii) above;
- (v) a certificate from the Borrower (signed by a director thereof) confirming that borrowing the Total Commitment would not cause any borrowing or other limit binding on it to be exceeded;
- (vi) a certificate of an authorised signatory of each Transaction Obligor certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect as at a date no earlier than the date of the Facility Agreement;
- (vii) the duly executed Finance Documents;
- (viii) a copy of the audited consolidated financial statements of the Borrower for the financial years ended 31 December 2015 and 31 December 2016 and a copy of the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 and 31 December 2016;
- (ix) a copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable (acting on the instructions of the Majority Lenders) (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document;

- (x) evidence that the fees, costs and expenses then due from the Borrower pursuant to clause 9 (*Fees*) and/or clause 14 (*Costs and Expenses*) of the Facility Agreement have been paid or will be paid by the Utilisation Date;
 - (xi) confirmation that each Lender has completed and is satisfied with the results of its “know your customer” and similar procedures with respect to the Borrower;
 - (xii) confirmation from each Lender that it has or will obtain sufficient funding from its financing arrangements to provide its participation in the Utilisation;
 - (xiii) evidence that a pre-registration certificate has been obtained in respect of the Facility Agreement and/or the Guarantee from the relevant NDRC office in accordance with applicable laws and regulations;
 - (ix) evidence that the process agent specified in clause 35.2 (*Service of process*) of the Facility Agreement has accepted its appointment; and
 - (x) Hong Kong, English, Singaporean and PRC law legal opinions.
- (b) Subject to the above, the Lenders will only be obliged to comply with clause 5.4 (*Lenders’ participation*) of the Facility Agreement in relation to the Loan if on the date of the Utilisation Request and on the proposed Utilisation Date:
- (i) no Default is continuing or would result from the proposed Loan; and
 - (ii) the representations and/or warranties to be repeated by any or all of the Transaction Obligors under any or all of the Finance Documents upon the date of the Utilisation Request or the Utilisation Date are true in all material respects (whether before or after giving effect to the proposed Loan).

“**Administrative Parties**” means each of the Facility Agent and the MLAB (each an “**Administrative Party**”).

“**Authorisation**” means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; and/or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

“**Availability Period**” means the period from and including the date of the Facility Agreement to and including 22 December 2017, or such later date as the Facility Agent (acting on the instructions of the MLAB) may notify to the Borrower.

“**Commitment**” means:

- (a) in relation to the Original Lender, the Total Commitment; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it pursuant to clause 19 (*Changes to the Lenders*) of the Facility Agreement,

to the extent not cancelled or reduced under the Facility Agreement or transferred by it pursuant to clause 19 (*Changes to the Lenders*) of the Facility Agreement.

“**Default**” means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents, the occurrence of any other event or circumstance or any combination of any of the foregoing) be an Event of Default.

“**Fee Letter**” means any letter or letters referring to the Facility Agreement or the Facility between one or more Administrative Parties and the Borrower setting out the fees referred to in clause 9 (*Fees*) of the Facility Agreement.

“**Finance Documents**” means the Facility Agreement, the Guarantee, the Fee Letter, the Utilisation Request, and each other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) (each a “**Finance Document**”).

“**Guarantee**” means the irrevocable letter of guarantee issued by the Guarantor in favour of the Original Lender in respect of the obligations of the Borrower under the Facility, which is in a form substantially set out in Schedule 10 (*Form of Letter of Guarantee*) to the Facility Agreement.

“**Guarantor**” means Wanda Holding Group Co. Ltd. (万达控股集团有限公司).

“**Majority Lenders**” means a Lender or Lenders with an aggregate Commitment more than 66²/₃ per cent. of the Total Commitment (or, if the Total Commitment has been reduced to zero, the aggregate of more than 66²/₃ per cent. of the Total Commitment immediately prior to the reduction).

“**Total Commitment**” means the aggregate of the Commitment, being US\$100,000,000.

“**Transaction Obligors**” means the Borrower and the Guarantor (each a “**Transaction Obligor**”).

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 2 (*Form of Utilisation Request*) to the Facility Agreement.

Repayment of the Loan

- (a) The Borrower shall repay the Loan in full on the Business Day which is the ninth (9th) Business Day (for the avoidance of doubt, in inverse chronological order) prior to the Final Maturity Reference Date.
- (b) Notwithstanding the above, the Borrower agrees that for the purposes of calculating interest payable for the Interest Period ending on the Final Maturity Date (the “**Relevant Maturity Date Interest Period**”), the total outstanding amount of the Loan (before such repayment above) shall be deemed to have been outstanding for the entire Relevant Maturity Date Interest Period.

“**Final Maturity Reference Date**” means:

- (a) if the Final Maturity Date is a Business Day, the Final Maturity Date, or
- (b) if the Final Maturity Date is not a Business Day, the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is no such next Business Day in the same calendar month).

No re-borrowing

The Borrower may not re-borrow any part of the Facility which is prepaid or repaid.

Mandatory Prepayment arising from a Mandatory Prepayment Event

Upon the occurrence of a Mandatory Prepayment Event:

- (a) the Borrower or any Finance Party shall promptly notify the Facility Agent upon becoming aware of that event and the Facility Agent shall promptly notify the Borrower and all Lenders upon the receipt of such notification;

- (b) subject to clause 6.7 (*Restrictions*) of the Facility Agreement, upon the occurrence of a Mandatory Prepayment Event, the Facility Agent (acting on the instructions of the Majority Lenders) shall give notice (a “**Mandatory Prepayment Notice**”) to the Borrower that the outstanding Loan is due and payable on the Mandatory Prepayment Date whereupon:
 - (i) the Facility will be cancelled; and
 - (ii) the Borrower shall pay the Mandatory Prepayment Amount on the Mandatory Prepayment Date; and
- (c) all Lenders are deemed to have instructed the Facility Agent to deliver a Mandatory Prepayment Notice to the Borrower in accordance with sub-paragraph (b) above.

“**Acceleration Date**” means a date on which all of the Loan is declared due and payable pursuant to clause 18.15 (*Acceleration*) of the Facility Agreement.

“**Early Termination Date**” means, in relation to an Acceleration Date or a relevant Prepayment Date, the date falling nine (9) Business Days after that Acceleration Date or relevant Prepayment Date (as the case may be).

“**Early Termination Fee**” means:

- (a) in relation to (i) an Acceleration Date on which all of the Loan is accelerated under clause 18.15 (*Acceleration*) of the Facility Agreement or (ii) a Mandatory Prepayment Date on which all of the Loan is or becomes due for prepayment pursuant to clause 6.3 (*Mandatory prepayment arising from a Mandatory Prepayment Event*) of the Facility Agreement, a fee computed at the rate of three and a half (3.5) per cent. per annum on the full principal amount of all of the Loan for the period from and including the Early Termination Date in relation to that Acceleration Date or Prepayment Date (as the case may be) to but excluding the Final Maturity Date; or
- (b) in relation to a Voluntary Prepayment Date on which all of the Loan is or becomes due for prepayment pursuant to clause 6.5 (*Voluntary prepayment*) of the Facility Agreement, a fee of:
 - (i) 101.033 per cent. of the full principal amount of all of the Loan if the relevant Voluntary Prepayment Date falls in 2018; or
 - (ii) 101.033 per cent. of the full principal amount of all of the Loan if the relevant Voluntary Prepayment Date falls in 2019.

For the avoidance of doubt, no Early Termination Fee is payable for mandatory partial prepayment pursuant to clause 6.4 (*Mandatory partial prepayment arising from a Partial Prepayment Trigger Event*) of the Facility Agreement.

“**Mandatory Prepayment Amount**” shall mean all outstanding Loans, together with accrued interest (such accrued interest to be calculated in accordance with the sub-paragraph below), and the applicable Early Termination Fee to be paid by the Borrower on the Mandatory Prepayment Date, *provided that*, for the purposes of calculating accrued interest on an outstanding Loan to be prepaid, the Borrower agrees that such amount will include, in addition to the interest accrued up to (but excluding) the Mandatory Prepayment Date, an amount equal to the amount of interest which would have accrued on the Loan for the period from, and including, that Mandatory Prepayment Date to, but excluding, the Early Termination Date following that Mandatory Prepayment Date, as if the Loan had not been prepaid prior to the end of that period.

“**Mandatory Prepayment Date**” shall mean in relation to a mandatory prepayment pursuant to clause 6.3 (*Mandatory prepayment arising from a Mandatory Prepayment Event*) of the

Facility Agreement, the Business Day falling the fifth (5th) Business Days from the date of notification to the Borrower by the Facility Agent (acting on the instructions of the Majority Lenders) of the occurrence of a Mandatory Prepayment Event.

“**Mandatory Prepayment Event**” shall be deemed to have occurred if:

- (a) (*Guarantor Default Event*) a Guarantor Default Event has occurred and is continuing; or
- (b) (*Illegality affecting the Lender*) it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by the Facility Agreement or to fund or maintain its participation in the Loan or any part thereof; or
- (c) (*Failure to complete SAFE or NDRC registration*) the registration of the Guarantee with SAFE or NDRC in accordance with the requirements of applicable laws and regulation is not completed within 45 Business Days of the date of the Facility Agreement,

provided that, unless the Facility Agent has received express written notice that a Mandatory Prepayment Event has occurred, the Facility Agent may assume that no Mandatory Prepayment Event has occurred. The Facility Agent shall not be obliged to monitor or determine whether any Mandatory Prepayment Event has occurred, and shall not be responsible or liable to any person for any loss arising from any failure to do so.

“**Partial Prepayment Amount**” shall have the meaning ascribed to it in clause 6 (*Repayment and Prepayment*) of the Facility Agreement.

“**Partial Prepayment Date**” shall mean the Interest Payment Date falling in:

- (a) December 2018 where the relevant Put Exercise Notice specifies the immediately following Interest Payment Reference Date as the redemption date of the relevant Repackaged Notes; or
- (b) December 2019 where the relevant Put Exercise Notice specifies the immediately following Interest Payment Reference Date as the redemption date of the relevant Repackaged Notes.

A “**Partial Prepayment Trigger Event**” shall be deemed to have occurred if the Original Lender receives a Put Exercise Notice and such notice has been forwarded to the Facility Agent.

“**Prepayment Amount**” means the Mandatory Prepayment Amount, the Partial Prepayment Amount or the Voluntary Prepayment Amount (as the context shall require).

“**Prepayment Date**” means the Mandatory Prepayment Date, the Partial Prepayment Date or the Voluntary Prepayment Date (as the context shall require).

A “**Put Exercise Notice**” has the meaning given to it in condition 6(c) of the Repackaged Notes.

“**Repackaged Notes**” shall mean the US\$100,000,000 7.95 per cent. Fixed Rate Secured Notes due 2020 to be issued by the Original Lender.

“**Voluntary Prepayment Amount**” shall have the meaning ascribed to it in clause 6 (*Repayment and Prepayment*) of the Facility Agreement.

“**Voluntary Prepayment Date**” shall have the meaning ascribed to it in clause 6 (*Repayment and Prepayment*) of the Facility Agreement.

Mandatory partial prepayment arising from a Partial Prepayment Trigger Event

Upon the occurrence of a Partial Prepayment Trigger Event:

- (a) subject to Clause 6.7 (*Restrictions*) of the Facility Agreement, the Facility Agent shall, on the tenth (10th) Business Day immediately preceding the relevant Partial Prepayment Date, deliver to the Borrower a Partial Prepayment Notice stating that the Partial Prepayment Amount that is due and payable on the Partial Prepayment Date whereupon:
 - (i) the Borrower shall prepay the Affected Principal Amount, together with accrued interest (such accrued interest to be calculated in accordance with sub-paragraph (ii) below) (together, the “**Partial Prepayment Amount**”) on the Partial Prepayment Date; and
 - (ii) for the purposes of calculating accrued interest on the Affected Principal Amount on the Loan to be prepaid, the Borrower agrees that such amount will include, in addition to the interest accrued up to (but excluding) the Partial Prepayment Date, an amount equal to the amount of interest which would have accrued on the Affected Principal Amount for the period from, and including, that Partial Prepayment Date to, but excluding, the Early Termination Date following that Partial Prepayment Date, as if the Affected Principal Amount had not been prepaid prior to the end of that period; and
- (b) all Lenders are deemed to have instructed the Facility Agent to give a notice in accordance with paragraph (a) above.

Upon receipt of a Partial Prepayment Notice, the Borrower shall deliver an acknowledgement to the Facility Agent within three (3) Business Days. If the Facility Agent does not receive such acknowledgement from the Borrower within three (3) Business Days of delivery of Partial Prepayment Notice, the Facility Agent shall promptly deliver another Partial Prepayment Notice to the Borrower.

“**Affected Principal Amount**” shall mean the aggregate principal amount of the Repackaged Notes to be redeemed early on the Interest Payment Reference Date immediately following the relevant Partial Prepayment Date pursuant to condition 6(c) of the Repackaged Notes.

“**Partial Prepayment Notice**” means a notice substantially in the form set out in schedule 6 (*Form of Partial Prepayment Notice*) to the Facility Agreement.

Voluntary prepayment

- (a) Subject to Clause 6.7 (*Restrictions*) of the Facility Agreement, the Borrower may prepay the whole of the Loan by giving the Facility Agent a Voluntary Prepayment Notice not more than sixty (60) Business Days and not less than thirty (30) Business Days prior to:
 - (i) the Interest Payment Reference Date falling in December 2018 for prepayment on the immediately preceding Interest Payment Date; or
 - (ii) the Interest Payment Reference Date falling in December 2019 for prepayment on the immediately preceding Interest Payment Date,

each such Interest Payment Date being a “**Voluntary Prepayment Date**”.

- (b) The Borrower agrees that the prepayment amount (the “**Voluntary Prepayment Amount**”) payable by it on the Voluntary Prepayment Date shall be the aggregate of (i) the outstanding Loan, together with accrued interest (such accrued interest to be calculated in accordance with paragraph (d) below), and (ii) the applicable Early Termination Fee.
- (c) Upon receipt of a Voluntary Prepayment Notice by the Facility Agent, all Lenders are deemed to have instructed the Facility Agent to, as soon as reasonably

practicable, give a notice to the Borrower setting out (x) the Voluntary Prepayment Date, and (y) the Voluntary Prepayment Amount as determined by the Facility Agent.

- (d) For the purpose of calculating accrued interest on the outstanding Loan to be prepaid, the Borrower agrees that such amount will include, in addition to the interest accrued up to (but excluding) the Voluntary Prepayment Date, an amount equal to the amount of interest which would have accrued on the Loan for the period from, and including, that Voluntary Prepayment Date to, but excluding, the Early Termination Date following that Voluntary Prepayment Date, as if the Loan had not been prepaid prior to the end of that period.
- (e) For the avoidance of doubt, a Voluntary Prepayment Notice, once given, is irrevocable and voluntary prepayment shall relate to all but not part of the Loan.
- (f) The Borrower will give prior notice in writing to the Facility Agent of any proposed voluntary prepayment of the Loan pursuant to Clause 6.5 of the Facility Agreement.

“**Voluntary Prepayment Notice**” means a notice substantially in the form set out in schedule 7 (*Form of Voluntary Prepayment Notice*) to the Facility Agreement.

Default Interest

- (a) If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on such overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is one (1) per cent. per annum higher than the rate which would have been payable if such overdue amount had, during the period of non-payment, constituted the Loan in the currency of such overdue amount for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this clause on any overdue amount owing by the Borrower shall be immediately payable by the Borrower on demand.
- (b) Default interest (if unpaid) arising on any Unpaid Sum will be compounded with that Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

“**Unpaid Sum**” means any sum due and payable but unpaid by any Transaction Obligor under any or all of the Finance Documents.

Early Termination Fee

- (a) The Borrower agrees to pay an Early Termination Fee to the Lenders if all of the Loan (i) is accelerated under clause 18.15 (*Acceleration*) of the Facility Agreement, (ii) becomes due for prepayment pursuant to clause 6.3 (*Mandatory prepayment arising from a Mandatory Prepayment Event*) of the Facility Agreement, or (iii) is to be voluntarily prepaid by the Borrower pursuant to clause 6.5 (*Voluntary prepayment*) of the Facility Agreement. Such Early Termination Fee shall be paid together with, and in addition to, the principal and accrued interest to be repaid or prepaid.
- (b) The Borrower agrees that such Early Termination Fee is a genuine pre-estimate of the losses expected to be incurred by the Lenders in accordance with their funding obligations and is arrived at after commercial and arm’s length negotiations.

Representations and Warranties

The Borrower shall give the usual and customary representations and warranties to each Finance Party for transactions of this type, including, without limitation:

- (a) **Status**
 - (i) It is a limited company duly incorporated and validly existing under the laws of the jurisdiction of its incorporation.
 - (ii) Each of it and its Subsidiaries has the power to own its assets and carry on

its business as it is being conducted.

- (iii) It is not a FATCA FFI (which is not also a FATCA Exempt Party) or a U.S. Tax Obligor.

“**Code**” means the U.S. Internal Revenue Code of 1986.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above;
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (d) any treaty, law, regulation, instruction or other official guidance analogous to paragraphs (a) or (b) of this definition enacted or amended in any other jurisdiction from time to time, and any agreement pursuant to the implementation of any such treaty, law, regulation, instruction or other official guidance with any governmental or taxation authority in any jurisdiction.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a party that is entitled to receive payments free from any FATCA Deduction. For the avoidance of doubt, a Party shall be presumed to be a FATCA Exempt Party if it has a valid FATCA GIIN issued to it.

“**FATCA FFI**” means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if any Finance Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

“**FATCA GIIN**” means the Global Intermediary Identification Number issued and assigned to an entity pursuant to FATCA.

“**Finance Parties**” means the Facility Agent, the MLAB and the Lenders (each a “**Finance Party**”).

“**Subsidiary**” means in relation to any company, corporation or entity, a company, corporation or entity:

- (a) which is controlled, directly or indirectly, by the first mentioned company, corporation or entity;
- (b) more than half the issued equity share capital, registered capital or equity interest of which is beneficially owned, directly or indirectly by the first mentioned company, corporation or entity; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company, corporation or entity.

“**US Tax Obligor**” means:

- (a) a Transaction Obligor which is a resident for tax purposes in the US; or
- (b) a Transaction Obligor some or all of whose payments under the Finance Documents are from sources within the United States for U.S. federal income tax purposes.

(b) **Binding obligations**

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

(c) **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not and will not:

- (i) conflict with:
 - (A) any law or regulation applicable to it;
 - (B) the constitutional documents of it or any of its Subsidiaries; or
 - (C) any agreement or instrument binding upon it or any of its Subsidiaries or any asset of it or any of its Subsidiaries; or
- (ii) result in the existence of or oblige it or its Subsidiaries to create any security over all or any of the assets of it or its Subsidiaries.

(d) **Power and authority**

- (i) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.
- (ii) No limit on its powers will be exceeded as a result of the borrowing or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

(e) **Insolvency**

No Insolvency Event has occurred in relation to the Transaction Obligors or the Group.

“**Affiliates**” means, in relation to any person:

- (a) the head office of that person, a representative or branch office of that person; or
- (b) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company, or the head office, a representative or branch office of any of the foregoing.

“**Group**” means the Borrower, the Guarantor and its Affiliates taken as a whole.

“**Holding Company**” means, in relation to a company, corporation or entity, any other company, corporation or entity in respect of which it is a Subsidiary.

“**Insolvency Event**” in relation to an entity means that such entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger in which the surviving entity assumes all the obligations of the dissolved entity hereunder);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or any law regarding rehabilitation and/or resolution of financial institutions, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or other official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger in which the surviving entity assumes all the obligations of the dissolved entity hereunder);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession for thirty (30) days, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence, in any of the foregoing acts.

(f) **Validity and admissibility in evidence**

All Authorisations required or desirable:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;
- (ii) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of organisation; and/or
- (iii) for it and its Subsidiaries to carry on their respective business,

have been obtained or effected and are in full force and effect.

(g) **Governing law and enforcement**

The choice of law of each Finance Document to which it is a party will be recognised and enforced in its jurisdiction of incorporation.

(h) **No deductions, filing or stamp taxes**

- (i) It is not necessary under the laws of its jurisdiction of incorporation that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to any or all of the Finance Documents or the transactions contemplated by the Finance Documents.
- (ii) It is not required under the law applicable where it is incorporated or resident or at the address specified in the Facility Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

(i) **No default**

- (i) No Event of Default is continuing or might reasonably be expected to result from the making of the Utilisation.
- (ii) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which any asset of it or any of its Subsidiaries is subject which might have a Material Adverse Effect.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, conditions (financial or otherwise) or prospects of:
 - (i) the Borrower;
 - (ii) the Guarantor; or
 - (iii) the Group taken as a whole;
- (b) the ability of any Transaction Obligor to perform its obligations under any or all of the Finance Documents; or

- (c) the legality, validity or enforceability of any or all of the Finance Documents or any or all of the rights or remedies of any Finance Party under any or all of the Finance Documents.
- (j) **No misleading information**
 - (i) Any information (including, without limitation, the information set out in Schedule 9 (*Description of the Borrower and the Guarantor*) to the Facility Agreement and the information about the Guarantor as set out in Schedule 10 (*Form of Letter of Guarantee*) to the Facility Agreement contained in or provided by or on behalf of any member of the Group or any Transaction Obligor was true, complete and accurate in all material respects as at the date it was given and is not misleading in any respect.
 - (ii) Any financial projections supplied by or on behalf of any Transaction Obligor, any member of the Group or any affiliate of any of the foregoing have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
 - (iii) All information supplied by or on behalf of any Transaction Obligor, any member of the Group or any affiliate of any of the foregoing is true, complete and accurate in all material respects as at the date it was given and is not misleading in any respect.
- (k) **Description of the Borrower and the Guarantor**
 - (i) The information set out in Schedule 9 (*Description of the Borrower and the Guarantor*) to the Facility Agreement contains all information with respect to the Borrower and the Group that is material to enable the Finance Parties to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Borrower and the Group.
 - (ii) The statements contained in Schedule 9 (*Description of the Borrower and the Guarantor*) to the Facility Agreement relating to the Borrower and to the Group are in every material respect true and accurate and not misleading.
 - (iii) There are no other facts in relation to the Borrower or the Group the omission of which would make any statement in Schedule 9 (*Description of the Borrower and the Guarantor*) to the Facility Agreement misleading in any material respect.
 - (iv) All reasonable enquiries have been made by the Borrower to ascertain such facts and to verify the accuracy of all such information and statements as set out in Schedule 9 (*Description of the Borrower and the Guarantor*) to the Facility Agreement.
- (l) **Financial statements**
 - (ii) The Borrower's consolidated financial statements and the Guarantor's consolidated financial statements most recently supplied to the Facility Agent were prepared in accordance with GAAP consistently applied, save to the extent expressly disclosed in such financial statements.
 - (ii) The Borrower's consolidated financial statements and the Guarantor's consolidated financial statements most recently supplied to the Facility Agent give a true and fair view of and represent the Borrower's financial condition and operations or (as the case may be) the Guarantor's consolidated financial condition and operations, in each case at the end of and during the applicable period to which such financial statements relate,

save to the extent expressly disclosed in such financial statements.

- (iii) There has been no material adverse change in the Borrower's business or consolidated financial condition since the date of the consolidated financial statements of the Borrower most recently supplied to the Facility Agent and there has been no material adverse change in the business or consolidated financial condition of the Guarantor since the date of the consolidated financial statements of the Guarantor most recently supplied to the Facility Agent.
- (iv) There are no outstanding guarantees or contingent payment obligations of the Borrower in respect of indebtedness of any party except as described in the Borrower's consolidated financial statements most recently supplied to the Facility Agent, and the Borrower is in compliance with all of its obligations under any such outstanding guarantees or contingent payment obligations.

"GAAP" means:

- (a) in respect of the Borrower, the generally accepted accounting principles in Singapore; and
- (b) in respect of the Guarantor, the generally accepted accounting principles in the PRC.

(m) ***Pari passu ranking***

The Borrower's payment obligations under the Finance Documents rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

(n) **Title**

- (i) The Transaction Obligors and each of their respective Subsidiaries have good and marketable title to all real property, personal property and any other assets owned by them or any rights or interests thereto, in each case as is necessary to conduct the business now operated by them (for the purposes of this clause, "**Assets**").
- (ii) The Transaction Obligors and each of their respective Subsidiaries have received all necessary approvals in order to have good and marketable title to their Assets, including without limitation approvals relating to the evaluation, acquisition and perfection of such title.
- (iii) There are no charges, liens, encumbrances or other security interests or third party rights or interests granted outside its ordinary course of business, or conditions, planning consents, orders, regulations, defects or other restrictions affecting any of such Assets of the Borrower or any of its Subsidiaries which could have a material adverse effect on the value of such Assets, or limit, restrict or otherwise have a material adverse effect on the ability of the Borrower or any of its Subsidiaries to utilise or develop any such Assets and, where any such Assets are held under lease, each lease is a legal, valid, subsisting and enforceable lease.

(o) **Approvals**

- (i) The Transaction Obligors possess adequate certificates, authorisations, licences, orders, consents, approvals or permits (for the purposes of this clause, "**Approvals**") issued by, and have made all declarations and filings

with, all appropriate national, state, local and other governmental agencies or bodies, all exchanges and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate their properties and to conduct the business now operated by them.

- (ii) The Transaction Obligors are in compliance with the terms and conditions of all such Approvals.
- (iii) All of the Approvals are valid and in full force and effect.
- (iv) The Transaction Obligors have not received any notice of proceedings relating to the revocation or modification of any such Approvals or are otherwise aware that any such revocation or modification is contemplated or threatened.

(p) **Taxes and assessments**

- (i) All returns, reports or filings which ought to have been made by or in respect of each of the Transaction Obligors for taxation purposes have been made and all such returns are correct and on a proper basis and are not the subject of any dispute with the relevant revenue or other appropriate authorities and to the best of the knowledge of the Borrower (after due and careful enquiry) do not reveal any circumstances likely to give rise to any such dispute and the provisions, charges, accruals and reserves included in the financial statements are sufficient to cover all taxation of each of the Transaction Obligors existing in all accounting periods ended on or before the accounting reference date to which the financial statements relate whether payable then or at any time thereafter. No liability for tax which has not been provided for in the financial statements of each of the Transaction Obligors has arisen or has been asserted by the tax authorities against each of the Transaction Obligors.
- (ii) Each of the Transaction Obligors has duly and in a timely manner paid all taxes that have become due, including, without limitation, all taxes reflected in the tax returns referred to in paragraph (i) above, or any assessment, proposed assessment, or notice, either formal or informal, received by each of the Transaction Obligors.

(q) **No proceedings pending or threatened**

There are no police, legal, governmental or regulatory investigations, litigation, arbitration nor any pending actions, suits, or proceedings against or affecting any member of the Group or any of its properties, or to the best of the Borrower's knowledge and belief (after due and careful enquiry), any of the executive directors, officers or employees of any member of the Group, which, if determined adversely to that member of the Group or any of its respective executive directors, officers, properties or employees, would individually or in the aggregate have a Material Adverse Effect, and, to the best of the Borrower's knowledge (after due and careful enquiry), no such investigations, actions, suits or proceedings are threatened or contemplated.

(r) **Authorised signatures**

Any person specified as its authorised signatory under Schedule 1 (*Conditions Precedent*) to or clause 16.5(a)(v) (*Information: miscellaneous*) of the Facility Agreement is authorised to sign the Utilisation Request and other notices on its behalf.

(s) **Anti-corruption and anti-money laundering law**

- (i) None of the Transaction Obligors, or any of their respective Subsidiaries, or any of their respective directors or, to the best of the Borrower's knowledge (after due inquiry), any of their respective officers, agents, employees or other persons acting on any of their behalf, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the UK Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977, the Prevention of Corruption Act (Chapter 241) of Singapore or other similar legislation, rules or regulations in any other jurisdictions (the "**Anti-Corruption Laws**");
- (ii) The Transaction Obligors and their respective Subsidiaries:
 - (A) conducts its business at all times in compliance with all applicable anti-money laundering laws, regulations, rules and guidelines in its jurisdiction and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the "**Anti-Money Laundering Laws**"); and
 - (B) maintain policies and procedures designed to promote and achieve compliance with such Anti-Corruption Laws and Anti-Money Laundering Laws; and
- (iii) there are no actions, suits or proceedings by or before any court or governmental agency, authority or body or any arbitrator involving the Transaction Obligors or their respective Subsidiaries, or any of their respective directors or, to the best of the Borrower's knowledge (after due inquiry), any of their respective officers, agents, employees or other persons acting on any of their behalf, with respect to the Anti-Money Laundering Laws or Anti-Corruption Laws.

(t) **No unlawful payments**

None of the Transaction Obligors, or any director or, to the best of the knowledge of any Transaction Obligor (after due and careful enquiry), any officer, agent, employee or other person acting on behalf of the Borrower, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "**FCPA**"), or any other applicable anti-bribery or anticorruption law or regulation similar to the FCPA (including but not limited to, the UK Bribery Act of 2010), in any other jurisdiction in which the Transaction Obligors operate including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorisation of the payment of any money, or other property, gift, promise to give, or authorisation of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA or any other similar applicable anti-bribery or anti-corruption law or regulation of any such other jurisdiction; and each of the Transaction Obligors has conducted its businesses in compliance with the FCPA and any other similar applicable anti-bribery or anti-corruption law or regulation of any such other jurisdiction and have instituted and maintained policies and procedures designed to ensure continued compliance with, and prevent violation of, such laws, rules and regulations.

(u) **Sanctions**

None of the Transaction Obligors, or any of their respective Subsidiaries, or any joint venture in which any of them or any of their respective Subsidiaries participates, or any of the respective directors, officers or employees of any or all of the foregoing, and, to the knowledge of the Borrower, none of the persons acting on

behalf of any or all of the foregoing:

- (i) is a Restricted Party; or
- (ii) has received notice of or is aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority.

“**HMT**” means Her Majesty’s Treasury.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“**Restricted Party**” means a person that is (a) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List, (b) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions, or (c) otherwise a target of Sanctions (“**target of Sanctions**” signifying a person with whom a U.S. person or other national of a country or jurisdiction over which a Sanctions Authority has authority would be prohibited or restricted by law from engaging in trade, business or other activities).

“**Sanctions**” means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by:

- (a) the United States government;
- (b) the United Nations;
- (c) the European Union;
- (d) the United Kingdom; and
- (e) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the Sanctions Authorities.

“**Sanctions Authorities**” means the OFAC, the United States Department of State and HMT.

“**Sanctions List**” means the “Specially Designated Nationals and Blocked Persons” list maintained by the OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

**Information
Undertakings
relating to financial
statements**

The Borrower shall supply or procure the supply to the Lenders acting through the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as the same become available, but in any event within one hundred and eighty (180) days after the end of each of the Borrower’s financial years (or, as the case may be, the Guarantor’s financial years):
 - (i) the audited consolidated financial statements of the Borrower for that financial year; and
 - (ii) the audited consolidated financial statements of the Guarantor for that financial year,

in each case audited by an independent firm of certified public accountants; and

- (b) as soon as the same become available, but in any event within ninety (90) days after the first half of each of the Borrower's financial years (or, as the case may be, the Guarantor's financial years):
 - (i) the unaudited consolidated financial statements of the Borrower for that financial half year; and
 - (ii) the unaudited consolidated financial statements of the Guarantor for that financial half year.

If any of audited consolidated financial statements supplied or procured to be supplied pursuant to this clause are not in English, they shall be accompanied by English translations of the same translated by a nationally or internationally recognised firm of independent accounts of good repute, together with a certificate in English signed by two directors of the Borrower certifying that such translation is complete and accurate.

Undertakings

The Borrower shall give the usual and customary undertakings for transactions of this type, including, without limitation:

(a) **Authorisations**

The Borrower shall promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Facility Agent of,

any Authorisation required to enable it or any Transaction Obligor to perform its obligations under the Finance Documents and/or to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of organisation (or that of any Transaction Obligor) of any Finance Document.

(b) **Compliance with laws**

- (i) The Borrower shall (and shall ensure that each member of the Group and any Transaction Obligor will) comply in all respects with all laws (including without limitation any regulations, rules and circulars issued by SAFE and NDRC) to which it may be subject, if failure so to comply would or could reasonably be expected to have a Material Adverse Effect.
- (ii) The Borrower shall not use the proceeds of the Loan for any purpose that contravenes any law or regulation of the PRC.

(c) ***Pari passu* ranking**

The Borrower shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

(d) **Disposals**

- (i) The Borrower shall not, and the Borrower shall procure that no member of the Group will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including shares) or business.
- (ii) Paragraph (i) above does not apply to any sale, lease, transfer or other

disposal:

- (A) made in the ordinary course of trading of the disposing entity;
- (B) of assets in exchange for other assets comparable or superior as to type, value and quality and for a similar purpose; or
- (C) which would not, and could not reasonably be expected to, have a Material Adverse Effect.

(e) **Merger**

The Borrower shall not, and the Borrower shall procure that no member of the Group will, enter into any amalgamation, demerger, merger or corporate reconstruction, other than any amalgamation, demerger, merger or corporate reconstruction entered into by a member of the Group (other than the Borrower) which:

- (i) would not, and could not reasonably be expected to, have a Material Adverse Effect; and
- (ii) does not result in a breach of any Authorisation or of any other provision of the Facility Agreement.

(f) **Change of business**

The Borrower shall procure that no material change is made to the general nature or scope of the business of the Borrower, the Guarantor or of the Group taken as a whole, from that carried on at the date of the Facility Agreement.

(g) **Anti-corruption and anti-money laundering law**

- (i) The Borrower shall not (and the Borrower shall ensure that no member of the Group will) directly or indirectly use any of the proceeds of any of the Facility for any purpose which would breach the Anti-Corruption Laws.
- (ii) The Borrower shall (and the Borrower shall ensure that each member of the Group will):
 - (A) conduct its business in compliance with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws, including all relevant regulations, rules and guidelines in its jurisdiction and in each other jurisdiction in which such entity conducts business; and
 - (B) maintain policies and procedures designed to promote and achieve compliance with such laws.

(h) **Sanctions**

The Borrower shall not (or shall not permit or authorise any other person to), and the Borrower shall ensure that no member of the Group or any of its Subsidiaries will (or will permit or authorise any other person to), directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Loan or other transaction(s) contemplated by any Finance Document to fund any trade, business or other activities (i) involving or for the benefit of any Restricted Party, or (ii) in any other manner that would reasonably be expected to result in the Group or any Finance Party being in breach of any Sanctions (if and to the extent applicable to any of them) or becoming a Restricted Party.

(i) **Taxation**

The Borrower shall (and the Borrower shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (i) the payment of such Taxes is being contested in good faith by the Borrower or such member of the Group (as the case may be);
- (ii) adequate reserves are being maintained for those Taxes; and
- (iii) the payment of such Taxes can be lawfully withheld and failure to pay those Taxes does not have and could not reasonably be expected to have a Material Adverse Effect.

(j) **Acquisitions**

The Borrower shall not, and the Borrower shall procure that no member of the Group will, acquire any company or corporation, any equity interest in any person, or any business, assets or undertaking (or any interest therein) or make any investment other than an acquisition or investment which (i) would not, and could not reasonably be expected to, have a Material Adverse Effect and (ii) does not result in a breach of any Authorisation or of any other provision of the Facility Agreement.

(k) **Preservation of existence, assets and licences**

The Borrower shall, and the Borrower shall procure that each member of the Group will:

- (i) maintain and preserve its corporate existence and not change its jurisdiction of organisation or incorporation;
- (ii) maintain and preserve in good working order (ordinary wear and tear excepted) all of the assets necessary in the conduct of its business from time to time; and
- (iii) ensure that it has the power and necessary Authorisations to own its assets and carry on its business (as from time to time conducted).

(l) **Solvency Certificate**

At the same time as any payment is made by a Transaction Obligor to a Finance Party pursuant to any Finance Document, the Borrower shall deliver to the Lenders acting through the Facility Agent, a solvency certificate confirming that no Event of Default has occurred. Such certificate shall be signed by two (2) directors of the Borrower.

(m) **Application of FATCA**

The Borrower shall ensure that none of the Transaction Obligors is or will become (a) a FATCA FFI (which is not also a FATCA Exempt Party) or (b) a U.S. Tax Obligor.

(n) **Dividends**

The Borrower shall not make any payments of dividends or distribution if such payment would result in a Material Adverse Effect or otherwise materially adversely affect the Borrower's ability to perform its obligations under the Finance Documents.

(o) **Legal and beneficial ownership**

The Borrower shall ensure that:

- (i) the Guarantor shall legally and beneficially own, whether directly or indirectly, 100 per cent. of the equity interests in the Borrower at all times; and
- (ii) the Guarantor shall, whether directly or indirectly, be the largest shareholder of Wanda Group Co., Ltd. (万达集团股份有限公司) at all times.

(p) **Guarantee**

The Borrower undertakes to procure that the Guarantor shall issue the Guarantee to the Finance Parties on or before the Utilisation Date.

(q) **Registration under PRC laws and regulations**

The Borrower shall procure that the relevant Transaction Obligor to promptly, and in any case within 10 Business Days of the Utilisation Date, file details of the Facility Agreement and/or the Guarantee with the relevant NDRC office in accordance with the requirements of applicable laws and regulations. The Borrower shall also procure that the relevant Transaction Obligor to promptly, and in any case within 15 Business Days after the execution of the Guarantee, complete the registration process with the relevant SAFE office in accordance with the requirements of applicable laws and regulations.

Events of Default

The usual and customary Events of Default for transactions of this type, including, without limitation:

(a) **Non-payment**

The Borrower does not pay or the Facility Agent is not, by 4:30 pm on the due date, in receipt of:

- (i) any interest and/or principal in respect of the Loan (other than any Prepayment Amounts payable under clause 6 (*Repayment and prepayment*) of the Facility Agreement, unless payment is made within one (1) Business Day after its due date; or
- (ii) any Prepayment Amounts payable under clause 6 (*Repayment and prepayment*) of the Facility Agreement or any other amount pursuant to a Finance Document,

at the place at and in the currency in which it is expressed to be payable.

(b) **Other obligations**

- (i) Any Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in clause 18.1 (*Non-payment*) of the Facility Agreement.
- (ii) No Event of Default under paragraph (i) above will occur in respect of such failure to comply if such failure to comply is capable of remedy and is remedied within three (3) Business Days of the earlier of (A) the Facility Agent (acting on the instructions of the Majority Lenders) giving notice to such Transaction Obligor; or (B) such Transaction Obligor becoming aware of such failure to comply.

(c) **Misrepresentation**

Any representation or statement made or deemed to be made by any Transaction Obligor in any or all of the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

(d) **Cross default**

Any:

- (i) Financial Indebtedness of any Transaction Obligor or any member of the Group is not paid when due nor within any originally applicable grace period;
- (ii) Financial Indebtedness of any Transaction Obligor or any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (iii) commitment for any Financial Indebtedness of any Transaction Obligor or any member of the Group is cancelled or suspended by a creditor of any Transaction Obligor or any member of the Group as a result of an event of default (however described); or
- (iv) creditor of any Transaction Obligor or any member of the Group becomes entitled to declare any Financial Indebtedness of any Transaction Obligor or any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur if the aggregate amount of financial indebtedness and/or commitment for financial indebtedness falling within paragraphs (i) to (iv) above (for any Transaction Obligor and any and all members of the Group) is less than U.S.\$10,000,000 (or its equivalent in any other currency or currencies).

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (i) monies borrowed and/or any debit balance at any bank or financial institution;
- (ii) any amount raised by acceptance under any acceptance credit facility or by any bill discounting or factoring facility or by any dematerialised equivalent of any of the foregoing;
- (iii) any amount raised pursuant to any note payables, or any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any Finance Lease;
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked-to-market value (or, if any actual amount is due as a result of termination or close-out of that Treasury Transaction, such amount) shall be taken into account);
- (vii) any counter-indemnity obligation in respect of a guarantee, indemnity,

bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

- (viii) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finance or to finance the acquisition or construction of any asset or service that is the subject of such agreement;
- (ix) any arrangement pursuant to which an asset sold or otherwise disposed of by any person may be re-acquired by such person, any Affiliate of such person or any person acting in accordance with the directions of such person or any Affiliate of such person;
- (x) any amount raised by the issue of redeemable shares or redeemable equity interests;
- (xi) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back and/or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as a borrowing under GAAP; and/or
- (xii) the amount of any liability in respect of any guarantee or indemnity or other assurance against financial loss for any of the items referred to in paragraphs (i) to (xi) above.

(e) **Insolvency**

- (i) Any Transaction Obligor or a member of the Group is or is presumed or deemed to be unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (ii) the value of the assets of any Transaction Obligor or any member of the Group is less than its liabilities (taking into account contingent and prospective liabilities); or
- (iii) a moratorium is declared in respect of any indebtedness of any Transaction Obligor or any member of the Group.

(f) **Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor or any member of the Group other than a solvent liquidation or reorganisation of any Transaction Obligor or any member of the Group which is not a Transaction Obligor;
- (ii) a composition or arrangement with any creditor of any Transaction Obligor or any member of the Group, or an assignment for the benefit of creditors generally of any Transaction Obligor or any member of the Group or a class of such creditors;
- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not a Transaction Obligor), receiver, administrator, administrative receiver, compulsory manager,

provisional supervisor, judicial manager or other similar officer in respect of any Transaction Obligor or any member of the Group or any of its assets; or

- (iv) enforcement of any security over any assets of any Transaction Obligor or any member of the Group,

or any analogous procedure or step is taken in any jurisdiction, and in each case, such process is not dismissed, discharged, stayed or restrained within sixty (60) days of commencement.

(g) **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Transaction Obligor or any member of the Group taken as a whole.

(h) **Unlawfulness or invalidity**

- (i) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents to which it is a party.
- (ii) Any obligation of any Transaction Obligor under any Finance Document to which it is a party is not or ceases to be legal, valid, binding or enforceable.
- (iii) Any Finance Document ceases to be in full force and effect or is alleged by a party to it (other than a Finance Party) to be ineffective.

(i) **Material litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to any of the Finance Documents or the transactions contemplated in the Finance Documents or against any Transaction Obligor or any member of the Group or the assets of any of the foregoing which have or could reasonably be expected to have a Material Adverse Effect.

(j) **Repudiation**

A Transaction Obligor repudiates a Finance Document or evidences an intention to repudiate any Finance Document.

(k) **Cessation of business**

The Borrower, the Guarantor or the Group (taken as a whole) suspends or ceases to carry on all or a material part of the business of the Borrower, the Guarantor or the Group (taken as a whole).

(l) **Material adverse change**

Any event or circumstance occurs which the Majority Lenders reasonably believe might (individually or together with other events or circumstances) have a Material Adverse Effect.

(m) **Change of control**

- (i) The Guarantor failing to directly or indirectly, legally and beneficially, own or otherwise control 100 per cent. of the Equity Interest in the Borrower; or
- (ii) the Guarantor ceases to, directly or indirectly, be the largest shareholder of Wanda Group Co., Ltd. (万达集团股份有限公司).

(n) **Declared Company**

The Borrower is declared by the Minister of Finance in Singapore to be a company to which Part IX of the Companies Act (Chapter 50) of Singapore applies.

Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (a) cancel the Commitment of the Lenders and reduce them to zero whereupon they shall immediately be cancelled and reduced to zero;
- (b) cancel any part of the Commitment of the Lenders and reduce them accordingly, whereupon the applicable part of the Commitment of the Lenders shall be cancelled (and the Commitment of the Lenders shall be reduced accordingly), provided that such reduction of the Commitment of the Lenders shall be applied towards the Commitment of the Lenders rateably;
- (c) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents (including without limitation any Early Termination Fee) be immediately due and payable, whereupon they shall become immediately due and payable;
- (d) declare that all or part of the Loan be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or
- (e) exercise any or all of its rights, remedies, powers or discretions under the Guarantee,

provided that the occurrence of any Event of Default pursuant to paragraph (a) of clause 18.1 (*Non-payment*) of the Facility Agreement will result in an automatic acceleration in full of the Loan and the Facility Agent may, without notice to the Borrower, conduct all actions and have all rights described in paragraphs (a) to (e) above.

Upon the occurrence of an automatic acceleration referred to above, the Borrower shall repay and/or pay all of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents (including without limitation any Early Termination Fee) before 3:00 pm on the date falling two (2) Business Days after the original due date of the relevant interest and/or principal.

If the Loan is accelerated and declared to be due and payable on an Acceleration Date pursuant to clause 18.15 (*Acceleration*) of the Facility Agreement (whether or not such acceleration is an automatic acceleration), the Borrower shall ensure that the accrued interest to be paid together with the accelerated Loan (or part of the Loan) will include, in addition to the interest accrued up to (but excluding) that Acceleration Date, an amount equal to the amount of interest which would have accrued on the Loan (or, as the case may be, that part of the Loan) for the period from and including that Acceleration Date to but excluding the Early Termination Date in relation to that Acceleration Date as if the Loan (or that part of the Loan) had not been accelerated prior to the end of that period.

Assignments

Subject to the relevant conditions set out in clause 19 (*Changes to the Lenders*) of the Facility Agreement including that an Event of Default has occurred and is continuing under the Facility Agreement, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights under the Facility Agreement; or
- (b) transfer by novation any of its rights and/or obligations under the Facility Agreement,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or to any other person without the consent of any Transaction Obligor (the “**New Lender**”).

Taxation

- (a) All payments to be made by the Borrower to any Finance Party under any of the Finance Documents shall be made free and clear of and without any Tax Deduction unless the Borrower is required to make a Tax Deduction, in which case the sum payable by the Borrower (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.
- (b) If such taxes are required by law to be deducted or withheld from any sum so payable, then the Borrower shall increase the amounts so paid so that the recipient receives the full amount due to it.
- (c) If a FATCA Deduction is required to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.
- (d) If the Facility Agent is required to make a FATCA Deduction in respect of a payment to a Finance Party under clause 24.2 (*Distributions by the Facility Agent*) of the Facility Agreement which relates to a payment by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after the Facility Agent has made such FATCA Deduction), leaves the Facility Agent with an amount equal to the payment which would have been made by the Facility Agent if no FATCA Deduction had been required.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax, from a payment under a Finance Document, other than a FATCA Deduction.

Indemnities from the Borrower

The Borrower shall, within the Relevant Time of despatch of a demand by a Finance Party, indemnify that Finance Party against any cost, loss or liability incurred by that Finance Party or any affiliate of that Finance Party as a result of:

- (a) any voluntary prepayment, the occurrence of any Event of Default, any Mandatory Prepayment Event, and/or any Partial Prepayment Trigger Event;
- (b) any information produced or approved by any Transaction Obligor or, any member of the Group or any Affiliate thereof being or being alleged to be misleading and/or deceptive in any respect;
- (c) any enquiry, investigation, subpoena (or similar order) or legal or arbitral proceedings with respect to any Transaction Obligor, any member of the Group or any affiliate thereof or with respect to any transactions contemplated or financed under any Finance Document;
- (d) a failure by any Transaction Obligor to pay any amount due under a Finance Document on its due date and in the currency in which such amount is due, including without limitation, any cost, loss or liability arising as a result of clause 23 (*Sharing among the Finance Parties*) of the Facility Agreement;
- (e) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower in the Utilisation Request but not made by reason of the operation of any one or more of the provisions of the Facility Agreement (other than by reason of fraud, wilful misconduct, default or gross negligence by that Finance Party alone);

- (f) the early termination or cancellation of any funding arrangements entered into by any Lender in order to permit it to fund its participation under the Facility, if such termination was caused directly or indirectly by any acceleration or prepayment of the Facility; or
- (g) the termination of any agreement or transaction entered into for the purposes of hedging the types of liabilities and/or risks in relation to the Facility due to any Default hereunder.

“Relevant Time” means (a) where no Default has occurred and is continuing, three (3) Business Days; and (b) where any Default has occurred and is continuing, by 3:00 pm on the Business Day falling immediately after the despatch of a demand.

Governing Law and Courts

- (a) The Facility Agreement and all non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England.
- (b) The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with the Facility Agreement (including any dispute relating to any non-contractual obligation arising from or in connection with the Facility Agreement and any dispute regarding the existence, validity or termination of the Facility Agreement).

THE GUARANTEE

The Guarantee is unconditional and irrevocable upon issuance and the key terms of the Guarantee are summarised below.

Issuer	Wanda Holding Group Co., Ltd. (万达控股集团有限公司)
Date of Issue	11 December 2017
Effective Date	The Guarantee shall take effect from 14 December 2017.
Instructing Party	Hontop Energy (Singapore) Pte. Ltd. (鸿泰能源 (新加坡) 有限公司)
Beneficiary	China Wanda International Funding Pte. Ltd. (including its successors and assigns)
Agent	Citicorp International Limited, in its capacity as Facility Agent under the Facility Agreement (together with its successors and assigns)
Guaranteed Amount	U.S.\$200,000,000 (the “ Guaranteed Amount ”).
Tax Gross-up	All payments by the Guarantor under the Guarantee shall be made without any deduction on account of tax, set-off or otherwise. In the event that any deduction or withholding is required, the Guarantor shall pay such additional amount as will result in receipt by the Beneficiary of such amounts as would have been received by it had no such deduction or withholding been required. For the avoidance of doubt, such additional amounts paid by the Guarantor to account for withholdings or deductions shall not be taken into consideration for the purposes of determining the maximum amount payable by the Guarantor under the Guarantee.
Scope of the Guarantee	<p>The Guarantor irrevocably guarantees to the Beneficiary the punctual performance by the Borrower of all of its obligations under the Finance Documents, and irrevocably undertakes to pay the Beneficiary any principal, interest, fees, early termination fee and any other amounts due and payable by the Borrower under the Facility Agreement, up to the Guaranteed Amount as set out under “Guaranteed Amount” above.</p> <p>The Guarantor further agrees that it will, as an independent and primary obligation, indemnify the Beneficiary immediately on demand against any cost, loss or liability the Beneficiary incurs as a result of the Borrower not paying any such amount.</p>
Payment Timeline	<p>Within five (5) Beijing Business Days of the date stated on any complying demand from the Demanding Party (which has been sent on behalf of the Beneficiary via fax (or otherwise via email)), which demand: (i) contains the Demanding Party’s statement indicating that the Borrower has failed to pay or repay any amount due and payable in conformity with the terms agreed upon in the Facility Agreement; and (ii) requires the Guarantor to make the payment demanded thereunder into the Collection Account in US Dollars in immediately available and cleared funds.</p> <p>“Beijing Business Day” being a day on which commercial banks are open for general official business in Beijing.</p> <p>“Demanding Party” means: (i) at any time when, as notified to the Guarantor by the Beneficiary or the Agent via fax (or otherwise via email), the Agent is or becomes an Impaired Facility Agent and the Guarantor has not been notified by the Beneficiary or the Agent via fax (or otherwise via email) that a new Agent has been appointed pursuant to the terms of the Facility Agreement, the Beneficiary; or (ii) at any other time, the Agent.</p> <p>“Collection Account” means the bank account held by the Beneficiary as specified in a notice of demand.</p>

- Primary Obligation** The obligations of the Guarantor under the Guarantee shall be as primary obligor and not merely as surety and such obligations shall be in addition to and independent of any other security which the Beneficiary may at any time hold. Neither the obligations of the Guarantor contained in the Guarantee nor the rights, powers and remedies conferred upon the Beneficiary by the Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) any Insolvency Event in respect of the Borrower, any incapacity or lack of power, authority or legal personality of the Borrower or any material change in the status, function, control or ownership of the Borrower or any other person;
 - (b) any release, acquiescence, waiver, time or other indulgence being granted or agreed to be granted to the Borrower by the Beneficiary;
 - (c) any amendment to or variation, waiver or release of any obligation of the Borrower to the Beneficiary;
 - (d) any other act, event, circumstance or omission (whether or not known to the Beneficiary) which but for this clause might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor contained in the Guarantee or any of the rights, powers or remedies conferred upon the Beneficiary under the Guarantee or by law; or
 - (e) any change of control or sale of the Borrower.

Expiry Date The Guarantee shall expire on the date on which all of the Borrower's obligation (in respect of its payment obligation or other obligations howsoever described) under the Facility Agreement are discharged in its entirety or such later date as the Guarantor may notify to the Beneficiary via fax (or otherwise via email) (the "**Expiry Date**") and any demand under the Guarantee must be received by the Guarantor via fax (or otherwise via email) on or before the Expiry Date. After the Expiry Date, the Guarantee shall automatically become null and void and be cancelled whether it is returned to the Guarantor or not.

Governing Law and Courts The Guarantee shall be governed and construed in accordance with the laws of People's Republic of China. Any dispute or claim arising out of or in relation to the Guarantee shall be submitted to the exclusive jurisdiction of the competent courts in Beijing, the People's Republic of China.

DESCRIPTION OF THE ISSUER

Formation

China Wanda International Funding Pte. Ltd. is a private company limited by shares incorporated under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) (as amended) of Singapore (Company Registration Number: 201700851Z). It was incorporated in Singapore on 9 January 2017 as a special purpose vehicle. Its registered office is situated at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896.

The Issuer is a special purpose vehicle and has no prior operating experience. The Issuer has no subsidiaries.

Business Activities

The Issuer was established with unrestricted objects and powers as set out in its constitution. The Issuer has not commenced operations and it has undertaken no business activities since the date of its incorporation, other than those activities incidental to its incorporation and establishment and those incidental to the authorisation, execution and issue of the Notes and the documents and matters which are incidental or ancillary to the foregoing. The Issuer will covenant to observe certain restrictions on its activities pursuant to the Trust Deed.

Directors and Officers

The sole Director of the Issuer is Chow Hong Luen Irwin, whose business address is at the offices of 56 Havelock Road, #32-146, Havelock View, Singapore 161056.

The Issuer does not have any employees.

Certain affairs of the Issuer (including various corporate, secretarial and administrative services) are managed by Intertrust Singapore Corporate Services Pte. Ltd., a company incorporated in Singapore having its registered office at 77 Robinson Road, #13-00, Robinson 77, Singapore 068896 as the Issuer Administrator. The Issuer Administrator will, *inter alia*, provide the services of at least one director to the Issuer and be responsible for the day-to-day administration of the Issuer.

Share Capital

The capital of the Issuer is U.S.\$2 comprising 2 ordinary shares. 2 ordinary shares have been issued, are fully-paid and are held on trust pursuant to a shares declaration of trust dated 23 June 2017 and executed by Intertrust (Singapore) Ltd. as trustee.

Capitalisation and Indebtedness

As of the date of this Offering Circular, the Issuer has an issued and paid-up share capital of U.S.\$2 comprising two ordinary shares and the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, except its obligations described in this Offering Circular.

Financial Year

The financial year of the Issuer runs from 1 January to 31 December. There has been no material change in the activities of the Issuer since its incorporation.

DESCRIPTION OF THE BORROWER

The information set out below relating to the Borrower has been provided by the Borrower pursuant to the Facility Agreement. The Borrower has given representations and warranties to the effect that such information is true, complete and accurate in all material respects as of the date of the Facility Agreement. None of the Issuer, the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners has separately verified such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent or the Account Bank or any of their respective affiliates, directors or advisors, as to the accuracy or completeness of the information relating to the Borrower set out below.

Overview

The Borrower is a private limited liability company incorporated under the Companies Act on 26 December 2012 bearing a registration number of 201231352K. The registered office of the Borrower is at 8 Marina View #34-02B, Asia Square Tower 1, Singapore 018960.

Share Capital

The share capital of the Borrower is S\$76,329,000.00 divided into 76,329,000 ordinary shares, all of which are issued and fully paid. The Borrower is a wholly-owned subsidiary of the Guarantor, which also owns 50.24 per cent. of Wanda Group Co., Ltd.

Business

The Borrower is established as the overseas trading and financing platform of the Guarantor. The Borrower's principal activities consist of investment holding, as well as general wholesale trade (including general imports and exports) of crude oil, rubber, petrochemical products and other commodities. The Borrower is also the offshore procurement centre of the Guarantor.

Directors of the Borrower

The directors of the Borrowers are Shang Jiyong, Shang Kai and Wee Meng Seng Aloysius. As at 24 January 2017, Shang Jiyong had deemed interests in 75,336,723 shares of the Borrower according to the Register of Director's Shareholdings which is required to be kept by the Borrower under Section 164 of the Companies Act.

As far as the Borrower is aware, there are no conflicts of interest between the private interests of the directors and their duties to the Borrower.

Indebtedness

As at 31 December 2016, the Borrower's total liabilities amounted to approximately U.S.\$ 185,546,211.

The Borrower has given representations and warranties under the Facility Agreement to the effect that, together with its subsidiaries, the Borrower has not been unable to pay their debts as they fall due.

No Material Adverse Change

As at the date of the Facility Agreement, the Borrower has also given, among others, representations and warranties to the effect that:

- (a) There has been no police, legal, governmental or regulatory investigations, litigation, arbitration nor any pending actions, suits or proceedings against or affecting any member of the Group or any of its properties, or to the best of the Borrower's knowledge and belief (after due and careful enquiry), any of the executive directors, officers or employees of any member of any member of the Group, which, if determined adversely to that member of the Group or any of its respective executive directors, officers, properties or employees, would individually or in the aggregate have a material adverse effect on the business, conditions (financial or otherwise) or the prospects of the Borrower, the Guarantor or the Group taken as a whole, and to the best of

the Borrower's knowledge (after due and careful enquiry), no such investigations, actions, suits or proceedings are threatened or contemplated;

- (b) There has been no material adverse change in the Borrower's business or consolidated financial condition since the date of the consolidated financial statements of the Borrower most recently supplied to the Facility Agent and there has been no material adverse change in the business or consolidated financial condition of the Guarantor since the date of the consolidated financial statements of the Guarantor most recently supplied to the Facility Agent; and
- (c) There are no outstanding guarantees or contingent payment obligations of the Borrower in respect of indebtedness of any party except as described in the Borrower's consolidated financial statements most recently supplied to the Facility Agent, and the Borrower is in compliance with all of its obligations under any such outstanding guarantees or contingent payment obligations.

Auditors

The independent auditor of the Borrower is FAC & Associates whose business address is at 111 North Bridge Road, #13-06 Peninsular Plaza, Singapore 179098. The independent auditor is a member of the Institute of Singapore Chartered Accountants.

DESCRIPTION OF THE GROUP

The information set out below relating to the Group has been provided by the Borrower pursuant to the Facility Agreement from publically available sources. The Borrower has given representations and warranties to the effect that such information is true, complete and accurate in all material respects as of the date of the Facility Agreement. None of the Issuer, the Sole Global Coordinator and Sole Lead Manager or the Joint Bookrunners has separately verified such information, including any forward looking statement or forecast, set out below. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent or the Account Bank or any of their respective affiliates, directors or advisors, as to the accuracy or completeness of the information relating to the Group or any forward looking statement or forecast set out below.

Overview

The Guarantor was established in 1988 in Shandong Province and is a limited liability company under the laws of the PRC. As at September 2017, the Guarantor is approximately 98.22 per cent. owned by Shandong Ruikang Investment Management Co., Ltd. (山东瑞康投资管理有限公司) along with other individual shareholders with a registered capital of RMB3,000,000,000. The Guarantor is the sole shareholder of the Borrower. The Guarantor's registered office is No. 68, Yongxin Road, Dongying City, Shandong Province, PRC. The Guarantor is a national enterprise group with more than 13,000 employees and premises of nearly 6 million square meters.

The main business activities of the Group are primarily engaged and managed by Wanda Group Co., Ltd. (“**Wanda Group**”) through various operating subsidiaries in the PRC. The Borrower is the primary offshore trading and financing platform of the Group. Wanda Group is a privately-owned commercial enterprise in the PRC which, through its operating subsidiaries, primarily engages in the manufacturing and sales of petrochemical products, tyres products, electric cable wires products and chemical-related products, as well as other businesses such as electronic products, real estate and construction, international trade and port logistics and financial services. The Group is one of the market leaders in methacrylate butadiene styrene (“**MBS**”) products, polyacrylamide (“**PAM**”) products, underground detection electric cable wire products and fueling pump electric cable wire products in terms of production and sales volume in the PRC. Its products are sold and distributed to wholesale and end-customers in more than 30 provinces and regions in the PRC as well as to international customers located in more than 100 countries and regions, including the United States, the United Kingdom, Europe, Asia and Africa.

Throughout its years of commitment and investments in product development and technological innovation, Wanda Group is recognised as one of the Key National Technological Development Enterprises of the PRC (国家重点高新技术企业), as well as being awarded as a Top 500 Chinese Enterprise (ranked 97th) in 2014 and a Top 500 Chinese Manufacturing Enterprise (ranked 65th) in 2014 by All-China Federation of Industry and Commerce (中华全国工商业联合会). In addition, Wanda Group's “Wanda Chemical”, “Wanda Boto Tyres” and “Wanda Electric Cable Wire” brand names are recognised nationally as a “Well-Known Trademark” in the PRC. In addition, attributable by its leadership position in the MBS products market, Wanda Group is one of the participating parties to draft and formulate the national quality and testing standards for MBS products in the PRC. Wanda Group is rated AA+ by China Chengxin Credit Rating Group. The Guarantor is rated AA+ by Dagong Global Credit Rating Co., Ltd.

Brands of the Guarantor include Wanda Petrochemical Group, Wanda Boto, 宝港国际, 山东科鲁尔化学有限公司, China Wanda Group, Wanda Chemical Group, China Wanda Real Estate, QingDao Windawellfull Supply Chain Corp. Hongxu Shares, Tianhon Chemical, Yourubber.com and 万达电缆.

The following table sets forth, as at and for the twelve months ended 31 December 2015 and 2016, certain consolidated financial information of the Guarantor derived from its consolidated statement of comprehensive income and statement of financial position prepared under PRC GAAP:

Consolidated statement of comprehensive income data

	As at 31 December	
	2016	2015
	RMB (in millions)	
Gross revenue	59,008.0	39,051.3

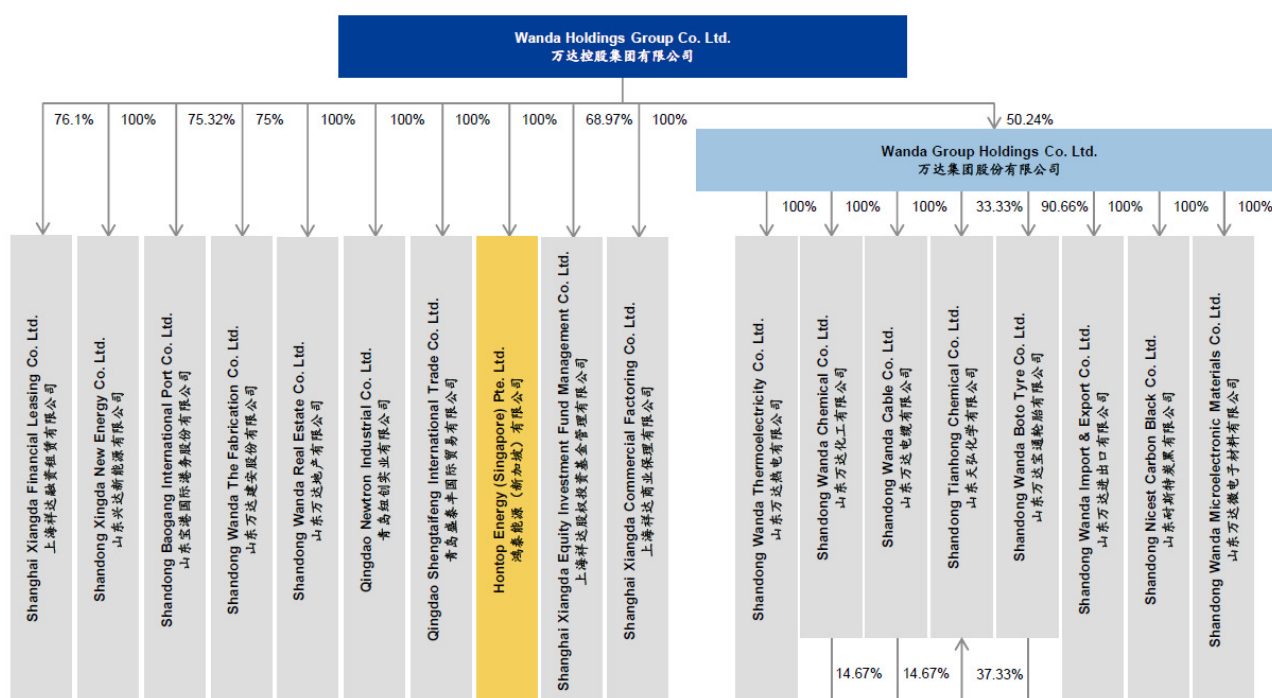
Cost of sales	52,494.0	34,566.2
Operating profit	3,569.6	2,758.3
Profit before taxation	3,614.9	2,776.8
Net profit	2,681.8	2,061.3

Consolidated statement of financial position data

	As at 31 December	
	2016	2015
	RMB (in millions)	
Total current assets	27,429.8	21,491.3
Total noncurrent assets	18,608.2	15,671.9
Total assets	46,038.0	37,163.2
Total current liabilities	14,945.1	14,449.8
Total non-current liabilities	9,778.5	7,518.7
Total liabilities	24,723.6	21,968.5
Total equity	21,314.3	15,194.7

Corporate Structure

The following chart sets forth the corporate structure of the Guarantor:



Business

The Guarantor, through Wanda Group, primarily engages in three major businesses, namely, the manufacturing and sale of petrochemical products, tyre products, electric cable wire products and chemical-related products. The Guarantor also has business interests in electronic products, real estate and construction, international trade and port logistics and financial services sectors.

Petrochemical products

The Group's petrochemical business is mainly conducted through Shandong Tianhong Chemical Co., Ltd. (山东天弘化学有限公司)“Tianhong Chemical (天弘化学)”.

The Group's petrochemical products primarily consist of gasoline, diesel and other refined oil products such as aromatics and ethylene propylene diene monomer rubber. The Group's petrochemical products are sold and distributed domestically in the PRC. The Group has leading production facilities for diesel and gasoline products.

The Group's annual production capacities of its gasoline and diesel products are approximately 1.5 million tonnes and 2.0 million tonnes, respectively. The Group's petrochemical production facilities are connected to the ports through pipelines which reduces transportation and storage costs.

Overview of the PRC's petrochemical industry

The PRC is the second country in the world in terms of quantity of petroleum consumption. As the PRC's economic development transitions into a new phase of domestic consumption, consumption of refined oil is experiencing steady growth. In 2015, production volume of refined oil amounted to 338 million tonnes, growing by 6.64 per cent. year-on-year, with the growth rate decreasing by 0.28 percentage points year-on-year. Apparent consumption volume of refined oil amounted to 316 million tonnes, growing by 4.85 per cent. year-on-year, with the growth rate decreasing by 0.65 per cent. year-on-year.

Based on industry estimation, petroleum consumption increases 0.7 per cent. to 0.8 per cent. for every 1 per cent. increase in GDP. Correlation between development of the petroleum industry and national economic prosperity is high. Influenced by factors such as change in the mode of economic development, industry structural optimisation, and transformation of petroleum-consuming industries such as railway and electricity, consumption of diesel has entered into a phase of a slow growth rate. Growth in the PRC economy is expected to be more consumption-driven. As incomes continue to grow and urbanisation continues, sales volumes of automobiles in the PRC will continue to grow, which will drive the growth in demand of gasoline. Between 2013 and 2015, production volume of diesel in the PRC grew by 0.32 per cent., 2.40 per cent. and 1.40 per cent. year-on-year, respectively, while production volume of gasoline grew by 9.48 per cent., 12.30 per cent. and 9.40 per cent. year-on-year, respectively.

The slowdown in the PRC's economic growth rate is expected to continue. Economic growth is moving away from being investment-driven to being consumption-driven. The problem of structural overcapacity in the manufacturing industry remains and export growth rate is decreasing. It is expected that in the years to come, overall growth in the PRC economy will continue to slow, and that the growth rate in the short-term demand of refined oil will slow accordingly. However, at present, the petroleum consumption volume per capita and the proportion of petroleum in one-time energy consumption in the PRC are lower than the world average level. From the long-term perspective, as the mode of economic development transforms, continued demand for refined oil in the PRC is expected.

The permitted crude oil import volume for non-state owned enterprises increased from 29.1 million tonnes in 2013 to 29.1 million tonnes in 2014 to 37.6 million tonnes in 2015 to 87.6 million tonnes in 2016. Throughout this period, the majority of refining enterprises have not been able to obtain a stable source of supply of raw materials. Instead those enterprises have only been able to rely upon small amounts of unstable crude oil supply and large amounts of high-cost fuel-oil supply. Compared with crude oil, fuel oil has higher viscosity and higher amount of impurities, higher production costs and lower yield. Accordingly, the profit derived from the production of gasoline and diesel from fuel oil is much lower when compared with using crude oil. Many refining enterprises experience excess capacity or suspend their operations as a result of the scarcity of oil sources. Such lack of supply restrains the development of refining enterprises.

Since 2015, the PRC has been gradually liberalising import and export rights for crude oil and refined oil. On 16 February 2015, the NDRC published the "Notice on Relevant Problems Associated with the Use and Management of Imported Crude Oil" (《关于进口原油使用管理有关问题的通知》), which announced that it would permit eligible refining enterprises to use imported crude oil in eliminating a certain amount of backward production capacity, or constructing a certain amount of natural gas storage facilities. On 22 July 2015, the Ministry of Commerce published the "Notice on the Application for Non-state Owned Enterprises Import Status by Crude Oil Processing Enterprises" (《关于原油加工企业申请非国营贸易进口资格有关工作的通知》), which lowered the threshold for importing crude oil by non-state owned enterprises. Moreover, in November 2015, Sinochem Quanzhou Petrochemical Co., Ltd. (中化泉州石化有限公司) obtained a total of 450,000 tonnes of refined oil export quota, which was the first time a refinery other than the three major petrochemical companies, obtained an export quota. The gradual liberalisation of crude oil import rights, imported crude oil usage rights and refined oil export rights will be conducive to eliminating backward oil refining capacity, solving the oil source shortage problem faced by refining enterprises, enriching refining enterprises' sources of base oil and improving refining enterprises' profitability.

In January 2016, the NDRC published a new mechanism for the pricing of refined oil. The cost-plus-pricing method

and the 10-working day price adjustment cycle were adopted. Compared with the refined oil pricing mechanism published in 2013, there were three main changes. First, given that the average crude oil production costs of major petroleum enterprises internationally are at around U.S.\$ 40/barrel, the lower control limit for refined oil prices was set at USD 40/barrel, which is the international oil price. Second, an oil price control risk provision fund was established. If the oil price in international markets falls below the lower control limit, the amount which has not been reflected in domestic refined oil prices will be counted towards a risk provision fund, which will be stored and mainly used for energy-saving and pollution-reduction, improving oil products quality, and ensuring the safety of petroleum supply. Third, a general policy was implemented to further downplay administrative influence in the pricing of refined oil, and to liberalise the pricing of liquefied petroleum gas products. At the same time, a general policy was implemented to simplify the means of price adjustments for refined oil, and to stop publishing price adjustment documents but to announce such information through news releases. However, the current “ceiling price” and “floor price” in the refined oil pricing mechanism while on the one hand, safeguard end-user consumption and the interests of the various parties along the production chain, it is, to a certain extent, contrary to the reform objective of achieving full liberalisation. Accordingly, the refined oil pricing mechanism requires further liberalisation.

Tyre products

The Group’s tyre business is mainly conducted through Shandong Wanda Boto Tyre Co, Ltd. (山东万达宝通轮胎有限公司).

The Group’s tyre products primarily consist of:

- (i) *All-steel Truck and Bus Radial Tyres (“TBR Tyres”)*: TBR Tyres are generally used for highway, city and on-the-road applications such as passenger or cargo transportation. They are generally used on trucks and buses and they are also specifically engineered for winter driving conditions.
- (ii) *All-steel Off-the-road Tyres (“OTR Tyres”)*: OTR Tyres are generally used for off-the-road applications such as rural transport and farming.
- (iii) *Semi-steel Radial Tyres*: Semi-steel radial tyres are generally used for commercial applications and they are generally used on passenger vehicles.

The Group introduces advanced technologies and testing methods from Germany, the Netherlands, Japan and the United States in its production of its tyre products. In December 2012, the “Boto” (“宝通”) trademark of the Guarantor was rated as a well-known trademark in China (中国驰名商标). Wanda Group was ranked 38th in the world by Tire Business Magazine in its 2015 Global Tire Top 75 List.

The Group benefits from a high self-sufficiency rate for butadiene rubber and carbon black which are raw materials used in its tyre products as they are mainly provided by one of the Group’s operating subsidiaries, Shandong Wanda Chemical Co, Ltd. (山东万达化工有限公司). Furthermore, the Group expects the self-sufficiency of its raw materials for tyre products to further improve as the production capacity of Tianhong Chemical (天弘化学), one of the Group’s operating subsidiaries which commenced operation in October 2014, to increase gradually.

The Group’s annual production capacity of TBR Tyres, OTR Tyres and semi-steel radial tyres are approximately 2.4 million sets of tyres, 100,000 sets of tyres and 15 million tyres, respectively.

Overview of PRC’s tyre industry

The tyre industry is one of the major supporting industries of the automobile industry. Based on differences in usage, tyres can be classified into two types, namely, all-steel tyres and semi-steel tyres. All-steel tyres are mainly used in medium-load (or above) vehicles, such as trucks and buses and engineering vehicles. Semi-steel tyres are mainly used in cars and light trucks.

Since 2013, influenced by transformation in the PRC’s macro-economy, and a slowdown in the growth rate for infrastructure and real estate investments, downstream market demand for tyres has declined. In 2015, there was a sharp decline in the engineering machinery vehicles and trucks markets, while the automobile market continued to grow, albeit at a slower growth rate. In 2015, sales volume for excavators in the PRC was 56,350 sets, decreasing by 37.7 per cent. year-on-year. Sales volume for loaders was 73,581 sets, decreasing by 51.1 per cent. year-on-year. Sales volume for auto cranes was 9,327 sets, decreasing by 33.8 per cent. year-on-year. Sales volume for trucks was 2,855,900 units,

decreasing by 10.3 per cent. year-on-year. Sales volume for automobiles was 24,597,600 units, increasing by 4.7 per cent. year-on-year, but the growth rate decreased by 2.2 per cent. points as compared to 2014. Also, in 2015, the United States Department of Commerce gave its ruling for its anti-dumping and anti-subsidy investigations over passenger vehicle and light truck tyres produced in the PRC, and determined that the anti-dumping tax rate shall be 14.35 per cent. to 87.99 per cent., while the anti-subsidy tax rate shall be 20.73 per cent. to 100.77 per cent. In February 2016, the United States Department of Commerce performed anti-dumping and anti-subsidy investigations over truck and public vehicle tyres produced in the PRC. Results of the initial ruling were announced in 28 June 2016, which held that there were subsidy behaviours for truck and public vehicle tyres imported from the PRC, with the subsidy level ranging from 17.06 per cent. to 23.38 per cent. The United States Department of Commerce will notify U.S. Customs to collect customs bonds for the above products exported from the PRC.

Influenced by poor market demand in the PRC and the US' anti-dumping and anti-subsidy policies, the growth rate for the production volume of tyres has continued to decline. Production volume for tyres experienced a sharp decline in 2015. Based on statistics compiled by the China Rubber Industry Association (Cycle Tire Branch), in 2015, sales revenues of RMB 137.63 billion was achieved by 42 major tyre enterprises, decreasing by 13.35 per cent. year-on-year. Overall tyre production volume amounted to 335 million pieces, decreasing by 5.60 per cent. year-on-year. Export volume amounted to 155 million pieces, decreasing by 8.72 per cent. year-on-year. Exports delivered amounted to USD 55.48 billion, decreasing by 15.81 per cent. year-on-year. Total inventories amounted to RMB 15.74 billion, decreasing by 7.97 per cent. year-on-year, but still remained at a relatively high level. In 2015, the average capacity utilisation rate for all-steel radial tyres was 65 per cent. while that for semi-steel radial tyres was approximately 67 per cent., the capacity utilisation rate being obviously insufficient.

The tyre industry was in a state of structural overcapacity, with medium-to-low end tyres being at a state of overcapacity, while the supply of high-end tyres being insufficient to meet demands. Based on data from www.askci.com (中商情报网), currently, of the car radial tyres and light truck radial tyres produced in the PRC, 65 per cent. of them are medium-to-low end products. The technological threshold for producing high-end tyres is high, and technological R&D requires significant investments of capital and manpower, hence the production capacity for high-end tyres is insufficient. Whereas, there is excess production capacity for medium-to-low end tyres, as the technological threshold is low. There are many manufacturers of medium-to-low end tyres causing severe competition causing price reductions. This results in significant overcapacity for medium-to-low end tyres. Poor downstream market demand, intense market competition and a decline in prices have suppressed tyre enterprises' profit margins. Moreover, the new standards for adhesives, which were implemented in July 2015, increased the production costs for tyre enterprises.

The government of Shandong Province published the "Action Plan of Shandong Province for Facilitating Industry Transformation and Upgrade (2015 – 2020)" (《山东省推进工业转型升级行动计划(2015~2020年)》) on 13 April 2015, which proposed guidance opinions such as raising industry concentration of the tyre industry, adjusting product structure, and encouraging the development of supporting raw materials, to further facilitate the upgrade and transformation of existing products of tyre enterprises, and facilitate the extension of the industry chain towards high-end products. Moreover, on 26 January 2015, the Ministry of Industry and Information Technology published the "Provisional Measures for the Administration of Notices by Tyre Manufacturing Enterprises" (《轮胎生产企业公告管理暂行办法》), and as of the end of 2015, 41 tyre enterprises had made submissions. It is expected that the adoption of entry criteria will regulate the development of the industry to eliminate backward production capacity.

Electric cable wire products

The Group's electric cable wire business is mainly conducted through Shandong Wanda Cable Co, Ltd. (山东万达电缆有限公司).

The Group is one of the market leaders in underground detection electric cable wire products and fueling pump electric cable wire products in terms of production and sales volume in the PRC. The Group's product portfolio in its electric cable wire product business consists of more than 100 different electric cable wire products with more than 1,000 different models on offer, and are used in a wide variety of industries, such as utilities, petrochemicals, railway and construction. The Group is one of the participating parties which drafts and formulates the national quality and testing standards specifically for underground detection electric cable wire products and fueling pump electric cable wire products in the PRC. The Group's major customers of its electric cable wire products are the State Grid Corporation of the PRC and major oil companies in the PRC.

The Group's underground detection electric cable wire products, fueling pump electric cable wire products and electric

cable wire for security purposes account for a majority of the sales volume in the Group's electric cable wire product business.

Overview of the PRC's electric cable wire industry

Wires and cables are the materials used for power, communication and related transmission purposes. Based on their usage, they can be divided into electric cables, wires and cables for electric devices, bare wires, communication cables and optical fibres, etc. Among which, electric cables are mainly used for the transmission of high voltage electrical energy in power generation, distribution, transmission, transformation and supply circuits.

With the growth in the construction of power grids, growth in the construction of railways and urban rail transit, and increase in investments in sectors such as clean energy and development of oil and gas and mine resources, demand in the power and cable market has increased significantly. From the perspective of construction of power grids, in 2015, total investments in power grids in the PRC amounted to RMB 460.3 billion, increasing by 11.7 per cent. year-on-year. The length of return circuits in power transmission circuits of 220 kilowatts and above for power grids across the country, and the capacity of public power transformation devices are 611,000 kilometres and 3.13 billion kilo-amperes respectively, increasing by 5.8 per cent. and 7.6 per cent. year-on-year respectively, both maintaining medium-to-high rates of growth. As of the end of 2014, the PRC completed its construction of the “three alternating currents and four direct currents” (三交四直) ultra-high voltage projects.

The PRC's wires and cables industry has been the first in the world in terms of overall size, production volume and growth rate for many consecutive years. Its output value has exceeded RMB 1 trillion, accounting for ¼ of the output value of the electrical industry. However, the average production capacity utilisation rate is approximately 60 per cent. in the PRC's wires and cables industry, with significant overcapacity. As the entry barrier is low, some enterprises do not possess production, quality control and inspection capabilities, and their products are concentrated in the low-end region. Data from the National Bureau of Statistics indicates that, in 2014, the majority of enterprises in the wires and cables industry are small-to-medium enterprises. There were 4,659 enterprises which were of medium size or above (with a mainstream business revenue of RMB 20 million and above). The total market penetration rate for the top 10 wires and cables manufacturing enterprises is less than 20 per cent. far from the United States and Japan, in which the top 10 wires and cables manufacturing enterprises have a market penetration rate of approximately over 60 per cent. There is still potential for improvement in terms of industry concentration for the wires and cables industry. Moreover, problems such as weak innovation capability of wires and cables enterprises and structural problems in products, restrain the development of the wires and cables industry in the PRC.

On 16 February 2013, the NDRC published the “Decision of the National Development and Reform Commission Regarding Amendment of Terms in the Guidance Directory (2011 Version) for Making Industry Structural Adaptations” (《国家发展改革委关于修改产业结构调整指导目录(2011年本)有关条款的决定》), which, on the basis of giving adequate consideration to the characteristics and development needs of the wires and cables manufacturing industry as a fundamental supporting industry, provided for express restraints on production capacity which are seriously in excess. On 21 April 2014, the Office of the State Council published the “Outline for the Consistent Development of Quality (2014 Action Plan)” (《贯彻实施质量发展纲要 2014 年行动计划》), which formulated in detail 15 clauses (a total of 77 specific tasks) encompassing four areas. Among which, it stressed that it has to enhance control of quality and safety in key areas, including carrying out targeted rectification for products such as agricultural materials and wires and cables. The launch of this policy is intended to regulate the production volume of wire and cable products, and regulate the development of the wires and cables industry. The launch of the relevant industry-related policies by the state is intended to mitigate overcapacity in the cables industry and raising industry concentration.

Raw materials for wires and cables are copper, aluminium and insulator materials. Copper is the most important industrial raw material, and its price is closely correlated to the economic trend. Since 2013, copper prices have been fluctuating downwards.

Impacts of a downward trend in copper prices for copper smelting and copper processing enterprises is high. Cable enterprises have adopted various pricing models to secure profitability. For example, Far East Smarter Energy Co., Ltd. (远东智慧能源股份有限公司) adopts a cost-plus pricing method. Through entering into open-ended contracts with customers, impact caused by fluctuations in raw material prices is mitigated. Fujian Nanping Sun Cable Co., Ltd. (福建南平太阳电缆股份公司) adopts a “material costs + increase amount” pricing model, in which the production volume is set based on the sales volume, so as to lower procurement risks. Zhejiang Wanma Co., Ltd. (浙江万马股份有限公司) correlates together product pricing and copper prices, thus maintaining a relatively stable profit margin. On the whole, the pricing model of cable enterprises is widely varied, which will help mitigate the impact caused to their

operations by fluctuations in copper prices.

Chemical-related products

The Group's chemical-related product business is mainly conducted through Shandong Nicest Carbon Black Co, Ltd. (山东耐斯特炭黑有限公司).

The Group is one of the market leaders in MBS and PAM plastic products in terms of production and sales volume in the PRC and its chemical related product portfolio consists of more than 30 different types of chemical related products. MBS products, PAM products and carbon black products account for a majority of the sales volume in the Wanda Group's chemical related product business:

- (i) ***MBS products:*** MBS is a modifying agent used to improve plastic properties. It is generally applied in the manufacturing process to enhance strength and processability of other plastic products.
- (ii) ***PAM products:*** PAM is a water-soluble polymer formed from arylamide subunits and is most often used, as a thickening solution, to increase viscosity of water or to encourage flocculation of particles, particularly those that could not normally be filtered by filtration, present in water. PAM is used widely in treatment of wastewater and drinking water.
- (iii) ***Carbon black products:*** Carbon black is a by-product of heavy petroleum products with a high surface-area to-volume-ratio mainly used as a reinforcing filler in tyres and other rubber products, as well as a colour pigment in other products.

The quality standard of the Group's MBS products has positively contributed to its market share compared to other domestic manufacturers of MBS products, as well as its exports to Hong Kong, Taiwan and other Southeast Asian markets.

The Group's annual production capacity of MBS products, PAM products and carbon black products are approximately 100,000 tonnes, 30,000 tonnes and 170,000 tonnes, respectively.

Other businesses

Electronic products – The Group has engaged in the electronic product business since 2003. The Group's electronic product business is mainly conducted through Shandong Wanda Microelectronic Materials Co, Ltd. (山东万达微电子科技有限公司). The Group's main products in this business segment include polyimide film, transformers, high-voltage electric tanks, wireless meter reading instruments and high and low pressure tanks.

Real estate and construction – The Group's real estate and construction business is mainly conducted through Shandong Wanda Real Estate Co, Ltd. (山东万达地产有限公司) and Shandong Wanda The Fabrication Co. Ltd. (山东万达建安股份有限公司), respectively. The Group's real estate development projects and construction business are concentrated in Dongying, where it has developed a high-end residential property project, and a commercial property complex named Wanda Plaza along with an established Chinese real estate developer.

International trade and port logistics – The Group's international trade business is mainly conducted through Wanda International Trade Group (Qingdao) Co, Ltd. (万达国贸集团(青岛)有限公司) and the Guarantor, as well as other subsidiaries in Qingdao, Hong Kong and Singapore. The Group also holds the majority shares of Shandong Baogang International Port Co, Ltd. (山东宝港国际港务股份有限公司), which operates port and chemical logistics businesses in the Dongying Port.

Financial services – The Parent Group has invested in bank, private equity funds, financial leasing and micro finance companies. Recently, the Group acquired a majority stake in an established financial market administration company based in the United Kingdom.

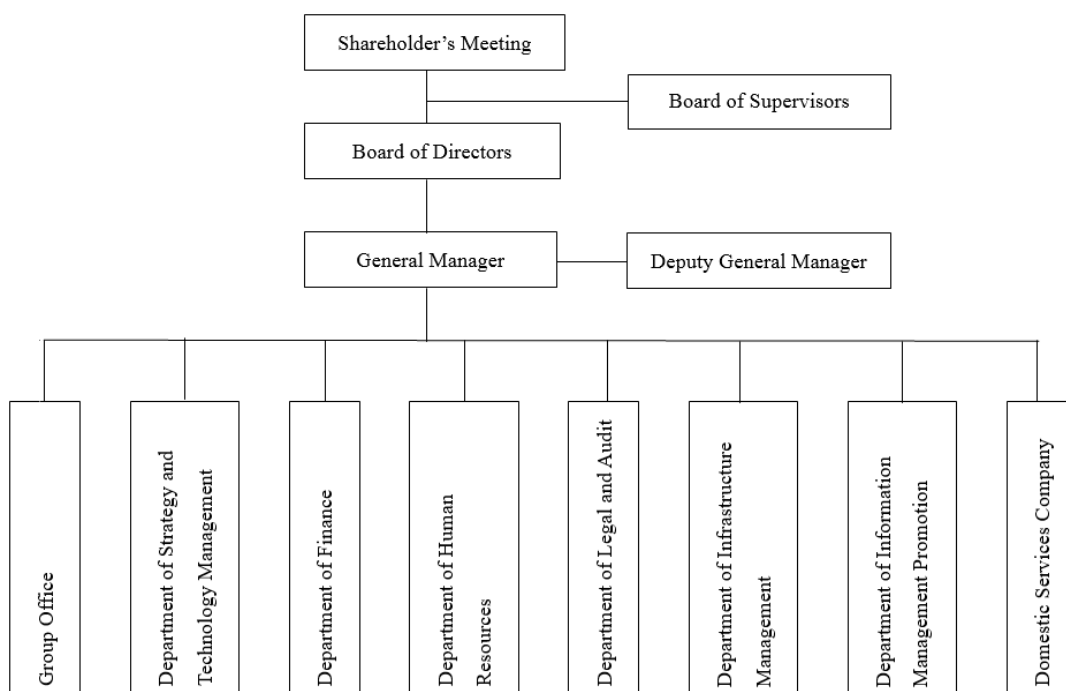
Shareholding Structure of the Guarantor as at the date of this Offering Circular

Shareholder	% in Wanda Holdings Group Co. Ltd.
Shandong Ruikang Investment Management Co. Ltd	98.22%
Shang Jiyong	0.92%

Sun Zengwu	0.14%
Ba Shushan	0.13%
Shang Jianli	0.13%
Ba Hongshe	0.13%
Ba Yinhua	0.13%
Ba Hongjie	0.05%
Ba Yujian	0.04%
Gou Yingqun	0.04%
Wang Zhenqing	0.04%
Gao Xingjun	0.03%

Organisation and Management Structure as at the date of this Offering Circular

The following chart sets forth the organisation and management structure of the Guarantor:



Management Team as at the date of this Offering Circular

The management team is responsible for the overall corporate governance of the Guarantor including establishing the Guarantor's strategic direction and management goals, as well as monitoring the achievement of these goals.

The members of the management team of the Guarantor as at the date of this Offering Circular are as follows:

Name	Position
Shang Jiyong (尚吉永)	Chairman and General Manager
Shang Jianli (尚建立)	Vice Chairman
Ba Hongjun (巴洪军)	Assistant to Chairman
Ba Shushan (巴树山)	Director
Ba Yinhua (巴银华)	Vice President
Ba Hongshe (巴洪社)	Vice President
Ba Hongjie (巴洪杰)	Vice President
Gou Yingqun (苟英群)	Vice President
Wang Zhenqing (王振卿)	Vice President

Shang Jiyong – Chairman. Mr. Shang Jiyong is also the legal representative, chief executive officer and secretary of the party committee of the Guarantor. Mr. Shang was born in January 1968 and has an EMBA degree from Beijing Institute of Technology and a bachelor's degree from China University of Petroleum (East China). Mr. Shang joined the Guarantor in 1992 and has previously held the positions of manager, deputy general manager, executive deputy general manager, vice chairman and general manager. Mr. Shang is also the chairman of Shandong Ruikang Investment Management Co., Ltd., the largest shareholder of the Guarantor. Mr. Shang has more than 20 years of entrepreneurial experience.

Shang Jianli – Vice Chairman. Mr. Shang Jianli was born in January 1969 and has a master's degree in business administration from Beijing Institute of Technology. He has also previously held the position of chairman of Wanda Group. Mr. Shang is also the chairman of Shandong Wanda Boto Tire Co. Ltd., a subsidiary of Wanda Group, and an executive director of Shandong Wanda Rubber Co. Ltd. (山东万达橡胶有限责任公司). Mr. Shang has more than 20 years of entrepreneurial experience.

Ba Hongjun – Assistant to Chairman. Mr. Ba Hongjun was born in June 1959. He has previously held the positions of deputy general manager, director and chairman of Wanda Group. Mr. Ba is also a director of Shandong Wanda The Fabrication Co., Ltd.

Ba Shushan – Director. Mr. Ba Shushan was born in January 1968. He has previously held the positions of chief accountant of the finance department, director and chairman of Wanda Group.

Ba Yinhua – Vice President. Mr. Ba Yinhua was born in October 1962. He has previously held the positions of assistant to general manager and deputy general manager of Wanda Group. Mr. Ba is also an executive director and the general manager of Shandong Wanda Chemical Co., Ltd., a subsidiary of Wanda Group.

Ba Hongshe – Vice President. Mr. Ba Hongshe was born in January 1971 and has a master's degree in engineering from Beijing Institute of Technology. He has previously held the positions of director and deputy general manager of Wanda Group.

Ba Hongjie – Vice President. Mr. Ba Hongjie was born in December 1967. He has previously held the position of deputy general manager of Wanda Group.

Gou Yingqun – Vice President. Mr. Gou Yingqun was born in June 1974. Mr. Gou is a director of Shandong Wanda Chemical Co., Ltd. and Tianhong Chemical (天弘化学), subsidiaries of Wanda Group.

Wang Zhenqing – Vice President. Mr. Wang Zhenqing was born in December 1966. He has previously held the positions of vice chairman and director of Wanda Group.

TAXATION

General

Tax considerations may apply to the purchase, ownership and disposition of the Notes. Persons considering the purchase of the Notes should consult their own tax advisor concerning the application of relevant tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

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

Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is 22.0 per cent. with effect from Year of Assessment 2017. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 1 2004;

- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, on the basis that the issue of the Notes is solely lead-managed by Standard Chartered Bank, which is a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), and the Notes are issued as debt securities prior to 31 December 2018, the Notes would be, pursuant to the ITA, “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Qualifying Income”) from the Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;
- (b) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS), Qualifying Income from the Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Qualifying Income derived from the Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Notes, the Notes are issued to fewer than four (4) persons and 50.0 per cent. or more of the issue of the Notes is held beneficially or funded, directly or indirectly, by a related party or related parties of the Issuer, the Notes would not qualify as “qualifying debt securities” unless approval is obtained; and
- (b) even though the Notes are “qualifying debt securities”, if, at any time during the tenure of the Notes, 50.0 per cent. or more of the issue of the Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:

- (i) any related party of the Issuer; or
- (ii) any other person who acquires the Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

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

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

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

- (a) “break cost” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (b) “prepayment fee” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (c) “redemption premium” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

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

Notwithstanding that the Issuer may, if the Notes are “qualifying debt securities”, be permitted to make payments of interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) in respect of the Notes without deduction or withholding of tax under Section 45 or 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

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

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

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who have or are adopting the tax treatment under the FRS39 Circular may be required to recognise gains or losses on the Notes for Singapore income tax purposes, even if these Notes were no disposed of.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39. Holders and prospective holders of the Notes should consult their own accounting and tax advisers on the proposed tax treatment to understand the implications and consequences that may be applicable to them.

Estate Duty

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

FATCA

Provisions of U.S. law, commonly referred to as “FATCA”, impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements (“**IRS Agreements**”) (as described below) with the United States Internal Revenue Service (“**IRS**”) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime.

In addition, in order to (i) obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to:

- (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction; and
- (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consent or documentation made on or after (a) 1 July 2014 in respect of certain U.S. source payments, (b) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (c) 1 January 2017 (at the earliest) in respect of “foreign passthru payments” and then, for “obligations” that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six (6) months after the date on which the final regulations defining “foreign passthru payments” are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the Loans and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into (including Singapore), or have agreed in substance to (including Hong Kong and the PRC), intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreement in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (a) to obtain an exemption from FATCA withholding on payments they receive and/or (b) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear or Clearstream (together, the “ICSDs”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes be required to pay additional amount as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

CLEARING AND SETTLEMENT ARRANGEMENTS

Clearance and Settlement under Euroclear and/or Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another.

Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Each payment under 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.

SUBSCRIPTION AND SALE

Each of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners has, in a subscription agreement dated on or about 13 December 2017 (the “**Subscription Agreement**”) and made between the Issuer, the Borrower, the Guarantor, the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners, upon the terms and subject to the conditions contained therein, agreed to purchase the Notes at their issue price of 98.570 per cent. of their principal amount. The Subscription Agreement provides, *inter alia*, that the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners may, by notice to the Issuer given at any time prior to payment of the subscription moneys for the Notes to the Issuer, terminate the Subscription Agreement under certain circumstances, if any of the conditions specified in the Subscription Agreement has not been satisfied, or has not been waived by the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners. Such conditions include, but are not limited to the following: (a) the execution and delivery of certain documents; and (b) there having not been on the Closing Date (i) the occurrence of any event making any of the Issuer’s, the Borrower’s or the Guarantor’s representations and warranties under the Subscription Agreement untrue and incorrect in any material respect on the Closing Date as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor (ii) the occurrence of any material breach of the Issuer’s, the Borrower’s or the Guarantor’s undertakings under the Subscription Agreement, nor (iii) the occurrence of an Event of Default under the Notes.

The Issuer, the Borrower and the Guarantor has given certain representations and warranties to the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners in the Subscription Agreement, and the Issuer, the Borrower and the Guarantor has agreed to indemnify the Sole Global Coordinator and Sole Lead Manager and the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the issuer in such jurisdiction.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission or the ASX Limited. Each of the Joint Bookrunners has represented and agreed that it:

- (a) has not (directly or indirectly) made or invited, and will not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Offering Circular or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (1) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act 2001 and complies with the terms of any authority granted under the Banking Act 1959 of Australia;
- (2) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act 2001;
- (3) such action complies with any applicable laws, regulations and directives in Australia; and
- (4) such action does not require any document to be lodged with the Australian Securities and Investments Commission or the ASX Limited.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”), each of the Joint Bookrunners has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant**

Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Hong Kong

Each of the Joint Bookrunners 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 Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; 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 or which do not constitute an offer to the public within the meaning of that Ordinance; 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Ireland

Each of the Joint Bookrunners has agreed, represented and warranted that they have not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any of the Notes or take any action in respect of the Notes, to the extent applicable:

- (a) otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations of 2005, as amended by the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 (S.I. 239/2012) and the Prospectus (Directive 2003/71/EC) (Amendment No.2) Regulations 2012 (S.I. 317/2012) and any rules issued under section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank of Ireland;
- (b) otherwise than in compliance with the provisions of the Companies Acts of Ireland (1963-2013);
- (c) otherwise than in compliance with the provisions of (1) the Investment Intermediaries Act 1995 (as amended); (2) the Investor Compensation Act 1998 and (3) the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) (as amended) and they will conduct themselves in accordance with any

codes and rules of conduct, conditions, requirements and any other enactment, imposed or approved by the Central Bank of Ireland with respect to anything done by them in relation to the Notes;

- (d) otherwise than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland pursuant thereto; and
- (e) otherwise than in compliance with the provisions of the Irish Central Bank Acts 1942-2013 and any codes of conduct, practices and rules made under section 117(1) of the Central Bank Act 1989,

as each of the foregoing may be amended, restated, varied, supplemented, and/or otherwise replaced from time to time.

Japan

The Notes 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 Bookrunners has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Korea, Republic of

Each of the Joint Bookrunners has represented and agreed that a registration statement for the offering and sale of the Notes has not been filed with the Financial Services Commission of Korea. Accordingly, each of the Joint Bookrunners has represented and agreed that the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to or for the account or benefit of any Korean resident (as defined under the Foreign Exchange Transaction Law of Korea and the regulations thereunder) except as otherwise permitted by applicable Korean law and regulations (including the sale of the Notes to professional investors (as defined under the Financial Investment Services and Capital Markets Act of Korea and its enforcement decree)).

In addition, to the extent required by the applicable laws and regulations of Korea, until the expiration of one year after the issuance of any Notes, such Notes may not be transferred to any resident of Korea except as otherwise permitted by applicable Korean law and regulations (including the sale of the Notes to professional investors in the secondary market if the Notes have been (a) listed in one of the major markets designated by the Financial Supervisory Service or (b) registered with or reported to a financial supervisory authority located in one of such major markets or (c) offered through such procedures as may be considered a public offering). Each of the Joint Bookrunners has undertaken to use commercially reasonable best measures as such Joint Bookrunner in the ordinary course of its business so that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Joint Bookrunner that it will comply with the restrictions described above.

Singapore

Each of the Joint Bookrunners has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, each of the Joint Bookrunners has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, (Chapter 289 of Singapore) (“**SFA**”), (b) to a relevant person 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 (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(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 such Notes pursuant to an offer made under Section 275 of the SFA, except:

- (a) to an institutional investor under Section 274 of the SFA or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Taiwan

Each of the Joint Bookrunners has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes, directly or indirectly, in the Republic of China (“**ROC**”) or to ROC investors unless otherwise permitted by the laws and regulations of the ROC.

United Arab Emirates (excluding the Dubai International Finance Centre)

Each of the Joint Bookrunners has represented and agreed that:

- (a) the Notes to be issued have not been and will not be offered, sold, marketed or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities;
- (b) the information contained in this Offering Circular does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)), Emirates Securities and Commodities Authority Resolution No. 37 of 2012, or otherwise and is not intended to be a public offer. The information contained in this Offering Circular is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates nor be used for the purpose of an offer or invitation to subscribe for such securities or enter into any such contract in the United Arab Emirates;
- (c) the Notes to be issued under this Offering Circular have not been and will not be reviewed, approved, disapproved, registered, filed or passed in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental regulatory body or securities exchange;
- (d) none of the Joint Bookrunners has received authorisation or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Notes within the United Arab Emirates and is not licensed to act as a broker or investment adviser in the United Arab Emirates and does not advise persons resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products;
- (e) no subscription for the Notes may be consummated within the United Arab Emirates;
- (f) no services relating to the Notes, including the receipt of applications and/or the allotment or redemption of Notes, may be rendered within the United Arab Emirates by the Issuer; and

- (g) this Offering Circular is being issued to a limited number of institutional and sophisticated investors at their request. It is strictly private and confidential and must not be provided to any person other than the original recipient to whom this document is personally provided, and may not be reproduced or used for any other purpose.

United Arab Emirates (Dubai International Financial Centre only)

Each of the Joint Bookrunners has represented and agreed that it will offer the Notes in the Dubai International Financial Centre (“**DIFC**”) by way of private placement only to those prospective investors who are “Professional Clients” of the type specified in Conduct of Business Rule 2.3.2(2) of the Dubai Financial Services Authority (“**DFSA**”). This Offering Circular is therefore only directed at such persons and shall not be given to or relied upon by any person who is not a “Professional Client” of the type specified in such rule.

The Notes are not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA does not accept any responsibility for the content of the information included in the Offering Circular, including the accuracy or completeness of such information. The liability for the content of the Offering Circular lies with the Issuer. The DFSA has also not assessed the suitability of the Notes to which the Offering Circular relates to any particular investor or type of investor.

United Kingdom

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

United States

Each of the Joint Bookrunners has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of any of the Joint Bookrunners or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

General

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Notes may be used in connection with, and does not constitute an offer or solicitation or invitation by or on behalf of any person to subscribe for or purchase, the Notes in any jurisdiction in which such offer, solicitation or invitation is unlawful or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Offering Circular or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Circular or any such other document or information or into whose possession this Offering Circular or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

None of the Joint Bookrunners is obliged to facilitate trading in the Notes (or beneficial interests therein) and any such activities, if commenced, may be discontinued at any time, for any reason, without notice. If any of the Joint Bookrunners does not facilitate trading in the Notes (or beneficial interests therein) for any reason, there can be no assurance that another firm or person will do so.

The Joint Bookrunners and their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Borrower, the Guarantor or their respective affiliates, including the extension of credit facilities, from time to time and may receive fees and commissions for these transactions. In

addition to the transactions noted above, the Joint Bookrunners and their respective affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Borrower, the Guarantor or their respective affiliates in the ordinary course of their business. The Joint Bookrunners or their respective affiliates may purchase the Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, the Joint Bookrunners or their respective affiliates may hold long or short positions relating to the Notes. The Joint Bookrunners or their respective affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. The Joint Bookrunners or their respective affiliates may act as a structuring agent to assist investors to acquire the Notes through derivative transactions. While the Joint Bookrunners and their respective affiliates have policies and procedures to deal with conflicts of interests, any of the above transactions may cause the the Joint Bookrunners or their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. The Joint Bookrunners may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

Any person who may be in doubt as to the restrictions set out in the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

- (a) The issue of the Notes has been duly authorised by resolutions of the Board of Directors of the Issuer passed on 8 December 2017.
- (b) The Notes have been accepted for clearance through Euroclear and Clearstream and with the Common Code 170037472 and ISIN XS1700374728.
- (c) The Issuer has not since its incorporation been involved in any governmental, legal or arbitration proceedings which may have or have had a significant effect on the financial position or profitability of the Issuer nor, so far as the Issuer is aware, is any such governmental, legal or arbitration proceedings involving it pending or threatened.
- (d) Since its date of incorporation, there has been (i) no material adverse change in the prospects of the Issuer; and (ii) no significant change in the financial or trading position of the Issuer.
- (e) The Issuer has not commenced operations or published any audited financial statements to date.
- (f) Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in other currencies) for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the Notes 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 Notes may be presented or surrendered for payment or redemption, in the event that a global certificate is exchanged for definitive certificates. In addition, in the event that a global certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.
- (g) The Issuer does not intend to provide post-issuance transaction information regarding the securities being admitted to trading or the performance of the underlying asset.
- (h) So long as any Notes are outstanding, copies of the following documents may be inspected in physical form at the specified office of the Principal Paying Agent presently at North Wall Quay, Dublin, Ireland during normal business hours:
 - (i) the constitution of the Issuer;
 - (ii) the Trust Deed;
 - (iii) the Agency Agreement;
 - (iv) the Security Trust Deed;
 - (v) the Security Assignment;
 - (vi) the Accounts Charge;
 - (vii) the Transaction Administration Agreement;
 - (viii) the Facility Agreement;
 - (ix) the Guarantee;
 - (x) the Account Bank Agreement;
 - (xi) memorandum and articles of association of the Borrower; and
 - (xii) memorandum of articles of association of the Guarantor.

- (i) Copies of the audited consolidated financial statements for the Borrower and the Guarantor (together with English translations thereof in respect of the Guarantor's financial statements) for the financial years ended 31 December 2015 and 2016 are annexed to this Offering Circular.

The Issuer shall procure that the Trustee will, following receipt of financial statements from any of the Borrower or the Guarantor pursuant to the Facility Agreement, notify the Noteholders of such receipt through a notice to Euroclear and/or Clearstream and shall provide an electronic copy of such financial statements to any Noteholder who so requests and provides proof of their holding of Notes in a form satisfactory to the Trustee.

None of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Agents, the Trustee, the Security Trustee, the Transaction Administrator or the Account Bank has separately verified the information contained in such financial statements. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Agents, the Trustee, the Security Trustee, the Transaction Administrator or the Account Bank or any of their respective affiliates, as to the accuracy or completeness of the information contained in such financial statements.

*The audited financial statements of the Guarantor have only been prepared in Chinese and English translations undertaken of such financial statements (the "**Financial Information Translation**") included in this Offering Circular are for reference only. Should there be any inconsistency between the audited financial statements of the Guarantor and the Financial Information Translation, the audited financial statements in Chinese shall prevail. The Financial Information Translation is qualified in its entirety by, and is subject to the more detailed information and the financial information set out or referred to in, the audited financial statements of the Guarantor. None of the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Trustee, the Agents, the Security Trustee, the Transaction Administrator, the Account Bank, the Facility Agent, the MLAB nor their respective affiliates, directors, officers and advisors has independently verified or checked the accuracy of the Financial Information Translation and can give no assurance that the information contained in the Financial Information Translation is accurate, truthful or complete. Consequently, such Financial Information Translation should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or review. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor.*

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FINANCIAL STATEMENTS

The Issuer shall procure that the Trustee will, following receipt of financial statements from any of the Borrower or the Guarantor pursuant to the Facility Agreement, notify the Noteholders of such receipt through a notice to Euroclear and/or Clearstream and shall provide an electronic copy of such financial statements to any Noteholder who so requests and provides proof of their holding of Notes in a form satisfactory to the Trustee.

None of the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Agents, the Trustee, the Security Trustee, the Transaction Administrator or the Account Bank has separately verified the information contained in such financial statements. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Issuer, the Sole Global Coordinator and Sole Lead Manager, the Joint Bookrunners, the Agents, the Trustee, the Security Trustee, the Transaction Administrator or the Account Bank or any of their respective affiliates, as to the accuracy or completeness of the information contained in such financial statements.

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2015

HONTOP ENERGY (SINGAPORE) PTE LTD

Registration Number: 201231352K

(Incorporated in Singapore)

FINANCIAL STATEMENTS

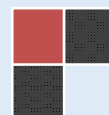
For the financial year ended 31 December 2015

FAC & Associates

Chartered Accountants of Singapore

111 North Bridge Road

#13-06 Peninsula Plaza, Singapore 179098



HONTOP ENERGY (SINGAPORE) PTE LTD

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HONTOP ENERGY (SINGAPORE) PTE LTD

DIRECTOR'S REPORT

For the financial year ended 31 December 2015

The director presents his report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

The director of the Company in office at the date of this report is as follows:

Shang Jiyong
Shang Kai
Wee Meng Seng Aloysius

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

The following director, who held office at the end of the financial year, had, according to the register of director's shareholdings required to be kept under section 164 of the Companies Act (Chapter 50), an interest in shares of the Company, as stated below:

Name of director	<u>Number of shares</u>			
	<u>Holdings registered in name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At</u>	<u>At</u>	<u>At</u>	<u>At</u>
	<u>31/12/2015</u>	<u>31/12/2014</u>	<u>31/12/2015</u>	<u>31/12/2014</u>
Ultimate Holding Company Wanda Holdings Group Co., Ltd				
Shang Jiyong	27,695,800	21,769,300	38,213,890	500,000

DIRECTOR'S CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit or any fixed salary of an employee of the Company included in the employee benefits shown in the financial statements, or any benefits received from a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

HONTOP ENERGY (SINGAPORE) PTE. LTD.

DIRECTOR'S REPORT

For the financial year ended 31 December 2015

SHARE OPTION

During the financial year, there were:

- (a) No option granted by the Company to any person to take up unissued shares of the Company;
and
- (b) No share issued by virtue of the exercise of options to take up unissued shares of the Company.
At the end of the financial year, there was no unissued share of the Company under option.

AUDITORS

The auditors, **FAC & Associates** have expressed their willingness to accept re-appointment.

On behalf of Board of Directors


.....
Shang Jiyang
Director
Singapore
09 JUN 2016


.....
Shang Kai
Director

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT BY DIRECTOR

For the financial year ended 31 December 2015

In the opinion of the Director,

(a) The accompanying financial statements set out in the following section of the financial statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes, comprising a summary of significant accounting policies and other explanatory notes

are drawn up so as to give a true and fair view of the statement of affairs of the Company as at 31 December 2015 and of the results, changes in equity and cash flows for the financial year then ended; and

(b) At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of Board of Directors



Shang Jiyong
Director
Singapore
09 JUN 2016



Shang Kai
Director

FAC & ASSOCIATES

Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONTOP ENERGY (SINGAPORE) PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of HONTOP ENERGY (SINGAPORE) PTE LTD, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



FAC & Associates

Public Accountants and
Chartered Accountants of
Singapore

09 JUN 2016

Partner-in-charge of audit: Ge Yongjun

Add: 111 North Bridge Road #13-06 Peninsula Plaza, Singapore 179098 Tel: (65) 6333 9739 Fax: (65) 6333 9769
Http: //www.faithfulac.com Email: enquiry@faithfulac.com Reg No: T11PF0018B

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 USD	2014 USD
Revenue	4	403,267,177	374,834,468
Cost of sales		<u>(401,125,094)</u>	<u>(370,912,643)</u>
Gross Profit		2,142,083	3,921,825
Other income	5	1,221,399	3,928,392
Other gains and losses	5a	(979,485)	(1,228,961)
Administrative expenses		(766,666)	(724,845)
Other operating expenses		(21,455)	(38,486)
Finance costs	6	<u>(1,909,477)</u>	<u>(5,049,637)</u>
(Loss)/Profit Before Taxation	7	(313,601)	808,288
Income tax expense	8	<u>(66,869)</u>	<u>(42,160)</u>
(Loss)/Profit After Taxation		(380,470)	766,128
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>(380,470)</u>	<u>766,128</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 USD	2014 USD
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Plant and equipment	9	13,990	33,339
Investment in associated company	10	47,494,500	-
		<u>47,508,490</u>	<u>33,339</u>
<u>Current Assets</u>			
Trade receivables	11	28,707,875	467,315
Other receivables	12	88,258	2,449,275
Fixed deposit	13	-	127,803,121
Cash and cash equivalents	14	1,901,970	736,069
		<u>30,698,103</u>	<u>131,455,780</u>
Total Assets		<u>78,206,593</u>	<u>131,489,119</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserve</u>			
Share capital	15	53,994,500	1,000,000
Retained earnings		643,793	1,024,263
Total Equity		<u>54,638,293</u>	<u>2,024,263</u>
<u>Non-Current Liability</u>			
Deferred tax liabilities	16	2,317	2,317
<u>Current Liabilities</u>			
Bills payable	17	23,348,338	-
Trade payables	18	-	4,009,759
Other payables	19	10,609	8,325
Borrowings	20	-	123,889,798
Currency forward contract	21	84,019	1,498,511
Provision for taxation		123,017	56,146
		<u>23,565,983</u>	<u>129,462,539</u>
Total Liabilities		<u>23,568,300</u>	<u>129,464,856</u>
Total Equity And Liabilities		<u>78,206,593</u>	<u>131,489,119</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share Capital USD	Retained Earnings USD	Total USD
Balance as 1 January 2015	1,000,000	1,024,263	2,024,263
Total comprehensive income	-	(380,470)	(380,470)
Issue of shares	<u>52,994,500</u>	<u>-</u>	<u>52,994,500</u>
Balance as 31 December 2015	<u>53,994,500</u>	<u>643,793</u>	<u>54,638,293</u>
Balance as 1 January 2014	1,000,000	258,135	1,258,135
Total comprehensive income	<u>-</u>	<u>766,128</u>	<u>766,128</u>
Balance as 31 December 2014	<u>1,000,000</u>	<u>1,024,263</u>	<u>2,024,263</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2015

	Notes	2015 USD	2014 USD
<u>Cash flows from operating activities</u>			
(Loss)/Profit before tax		(313,601)	808,288
Adjustments for:			
Depreciation of plant and equipment		21,455	38,486
Bank interest		946,528	3,623,253
Finance charges		962,949	1,426,384
Unrealised exchange loss		-	106,239
Fair value loss on forward currency contracts		84,019	1,498,511
Interest income		(1,218,361)	(3,864,002)
Operating profit before working capital changes		<u>482,989</u>	<u>3,637,159</u>
Other receivables		32,663	31,858
Trade receivables		(28,240,560)	(467,315)
Trade payables		(4,009,759)	2,085,689
Other payables		2,284	(2,028,002)
Bills payable		<u>23,348,338</u>	<u>-</u>
Cash (used in)/from operations		(8,384,045)	3,259,389
Income tax paid		-	(2,782)
Interest received		<u>2,048,206</u>	<u>1,535,646</u>
Net cash (used in)/from operating activities		(6,335,839)	4,792,253
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(2,106)	(1,822)
Proceeds from investment in associated company		<u>(47,494,500)</u>	<u>-</u>
Net cash used in investing activities		(47,496,606)	(1,822)
<u>Cash flows from financing activities</u>			
Fixed deposit pledged to bank		127,803,121	(67,584,122)
Issuance of share capital		52,994,500	-
Term loan obtained		-	65,705,906
Finance charges		(962,949)	(1,426,384)
Loan interest		(946,528)	(3,623,253)
Repayment of term loan		<u>(123,889,798)</u>	<u>-</u>
Net cash generated from/(used in) financing activities		54,998,346	(6,927,853)
Net increase/(decrease) in cash and cash equivalents		1,165,901	(2,137,422)
Cash and cash equivalents at beginning of the year		736,069	2,979,730
Effect on currency translation on cash and cash equivalents		-	(106,239)
Cash and cash equivalents at end of the year	14	<u>1,901,970</u>	<u>736,069</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company (Registration No. 201231352K) is a private limited liability company incorporated and domiciled in Singapore. The immediate and ultimate holding company is Wanda Holdings Group Co., Ltd, a company incorporated in China.

The address of its registered office and place of business is 8 Marina View #34-02B, Asia Square Tower 1, Singapore 018960.

The principal activities of the Company consist of other investment holding company and general wholesale trade (including general importers and exporters). There have been no significant changes in the nature of these activities during the financial year.

2 Significant accounting policies

a Basis of preparation

The financial statements have been prepared in accordance with Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in its application of accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

In the current financial year, the Company has adopted the new and revised FRSs and Interpretations of FRS (INT FRS) that are relevant to its operations. The adoption of these new / revised FRSs and INT FRSs has no material effect on the financial statements.

FRS and INT FRS not yet effective

The Company has not applied any new FRSs or INT FRS (Interpretation of Financial Reporting Standards) that has been issued as at the end of the reporting period but is not yet effective. The directors anticipate that the adoption of these FRSs and INT FRSs in future periods will have no material impact on the financial statements of the Company.

b Currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in United State dollars, which is the Company's functional currency.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into United State dollars at rates of exchange closely approximate to those ruling at the reporting date. Transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Translation differences are dealt with through the statement of comprehensive income.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (Cont'd)

c Investment in associated company

Associated companies are entities over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

The Company is exempted from applying the equity method to its investments in associated company as (i) it is a wholly-owned subsidiary of Wanda Holding Group Co., a company incorporated in China which have been informed about, and do not object to, the Company not applying the equity method; (ii) Wanda Holding Group Co., produces consolidated financial statements available for public use.

Investments in associated company is carried at cost less accumulated impairment losses and income is recognised when dividends from associated company are receivables. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs set out as follows:

Depreciation is calculated on the straight line basis so as to write off the cost of the asset over its estimated useful lives as follows:

Lease improvement	2 years
Furniture and fixtures	2 years
Office equipment	5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (Cont'd)

e Financial assets

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the financial reporting date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables", "fixed deposits" and "cash and cash equivalents" on the statement of financial position.

Recognition and Derecognition

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is transferred to profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Initial and subsequent measurement

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (Cont'd)

f Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash and bank balances, short term deposits which are subject to a significant risk of change in value, net of bank overdraft. Bank overdrafts, if any, are presented as current borrowings on the statement of financial position.

g Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital, net of tax effects.

h Impairment of non-financial assets

Plant and equipment; investment in associated company

Plant and equipment and investment in associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

i Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision are not recognised for future operating losses.

j Non-derivative financial liabilities

Non-derivative financial liabilities include trade payables, other payables and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (Cont'd)

j Non-derivative financial liabilities (Cont'd)

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

k Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

l Derivative financial instruments

The Company uses derivatives financial instruments such as forward currency contracts to manage its risks associated with foreign currency and price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair-value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss for the financial year.

m Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is presented net of goods and services tax, rebates and discounts.

The Company recognizes revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

Sales of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, upon acceptance and received from the goods sold.

Interest income

Interest income is recognised using the effective interest method.

n Employee compensation

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plan under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. These contributions are charged to the statement of comprehensive income in the period in which the related service is performed. The Company has no further payment obligations once the contributions have been paid.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (Cont'd)

n Employee compensation (Cont'd)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the financial year ended date.

o Lease

(i) When the Company is the lessee

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

p Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the financial year end date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the financial year ended date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent to the extent that it relates to the items recognised directly in equity or in other comprehensive income.

3 Critical accounting estimates, assumptions and judgements

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The critical accounting estimates and assumption used and area involving a high degree of judgments are described below:

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Critical accounting estimates, assumptions and judgements (Cont'd)

Income tax

The Company has exposure to income taxes in the Singapore jurisdiction. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities from expected tax issues based on estimates of whether additional tax will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period which such determination is made. The tax expense for the financial year ended 31 December 2015 is disclosed in the notes to the financial statements under the heading "Income tax expense".

Useful lives of plant and equipment

The management of the Company determines the estimated useful lives and related depreciation expense for plant and equipment. The management of the Company estimates useful lives of plant and equipment by reference to expected usage of the plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes of improvements in the market. The useful lives and related depreciation expense could change significantly as a result of the change in these factors.

The carrying amount plant and equipment at the end of the reporting period are disclosed in the notes to the financial statements under the heading "Plant and equipment".

4 Revenue

	2015 USD	2014 USD
Trading income	<u>403,267,177</u>	<u>374,834,468</u>

5 Other income

	2015 USD	2014 USD
Interest income	1,218,361	3,864,002
Childcare leave	1,071	-
Special employment credit	217	-
Temporary employment credit	342	-
Wages credit scheme	1,408	-
PIC bonus	-	11,577
Other income	-	52,813
	<u>1,221,399</u>	<u>3,928,392</u>

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5(a) Other gains and losses

	2015 USD	2014 USD
Realised currency exchange gain	(895,466)	375,789
Fair value loss on forward currency contracts	(84,019)	(1,498,511)
Unrealised currency exchange loss	-	(106,239)
	<u>(979,485)</u>	<u>(1,228,961)</u>

6 Finance costs

	2015 USD	2014 USD
Finance charges	962,949	1,426,384
Bank interest	946,528	3,623,253
	<u>1,909,477</u>	<u>5,049,637</u>

7 Profit before taxation

	2015 USD	2014 USD
This is arrived at after charging the following:		
Depreciation of plant and equipment	21,455	38,486
Employee benefits (Note 7a)	307,818	219,670
Rental	227,588	243,737
	<u>227,588</u>	<u>243,737</u>

7(a) Employee benefits

	2015 USD	2014 USD
Staff salaries	293,689	210,650
Employer's CPF contribution	14,129	9,020
Total employee benefits (Note 7)	<u>307,818</u>	<u>219,670</u>

8 Income tax expense

	2015 USD	2014 USD
Current income tax		
- Current year	83,534	56,146
- Overprovision in prior year	(16,665)	(14,354)
Deferred income tax		
- Current year (Note 16)	-	(2,661)
- Under provision in prior year	-	3,029
Tax expense	<u>66,869</u>	<u>42,160</u>

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 Income tax expense (Cont'd)

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to pre-tax profit is as follows:

	2015 USD	2014 USD
(Loss)/Profit before taxation	(313,601)	808,288
Taxation at statutory rate of 17% (2014:17%)	(53,312)	137,409
Income not subjected to tax	-	(63,884)
Enhanced capital allowance	(1,074)	(930)
Enhanced capital allowance – training costs	(605)	(248)
Overprovision of tax in prior year	(16,665)	(14,354)
Utilisation of unabsorbed tax losses for which deferred tax assets were not recognised	(3,482)	(65)
Expenses not deductible for tax purpose	175,319	4,692
Tax exemption and other deductions	(33,312)	(20,460)
Total income tax expense	<u>66,869</u>	<u>42,160</u>

9 Plant and equipment

	Lease Improvement USD	Furniture and fixtures USD	Office Equipment USD	Total USD
Cost				
At 01 January 2014	60,146	7,580	22,964	90,690
Additions	-	-	1,822	1,822
At 31 December 2014	60,146	7,580	24,786	92,512
Additions	-	-	2,106	2,106
At 31 December 2015	60,146	7,580	26,892	94,618
Accumulated depreciation				
At 01 January 2014	15,036	2,527	3,124	20,687
Additions	30,073	3,790	4,623	38,486
At 31 December 2014	45,109	6,317	7,747	59,173
Additions	15,037	1,263	5,155	21,455
At 31 December 2015	60,146	7,580	12,902	80,628
Carrying amounts				
At 31 December 2014	15,037	1,263	17,040	33,339
At 31 December 2015	-	-	13,990	13,990

10 Investment in associated company

	2015 USD	2014 USD
Unquoted equity shares at cost	<u>47,494,500</u>	<u>-</u>

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 Investment in associated company (Cont'd)

Detail of the associated company is as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity	
			2015	2014

*上海祥达融资租赁有限公司	Finance and leasing	Shanghai	30%	-
* Audited by public accountants in China.				

The summarised financial information of associated company, not adjusted for the proportion ownership interest held by the company, is as follows:

	2015 USD	2014 USD
Assets	165,991,977	-
Liabilities	11,750,368	-
Revenue	8,997,530	-
Net profit for the year	265,589	-

11 Trade receivables

	2015 USD	2014 USD
Related party	19,764,294	-
Third party	8,943,581	467,315
	<u>28,707,875</u>	<u>467,315</u>

Trade receivables are non-interest bearing, unsecured and approximate fair values. The credit terms at 90 days.

Trade receivables are denominated in the following currencies:

	2015 USD	2014 USD
United States dollars	28,707,875	-
Chinese Yuan	-	467,315
	<u>28,707,875</u>	<u>467,315</u>

12 Other receivables

	2015 USD	2014 USD
*Staff loan	-	40,414
Deposits	83,644	74,957
Interest receivables	-	2,328,356
GST receivables	4,613	5,548
	<u>88,257</u>	<u>2,449,275</u>

*Staff loan are unsecured, interest free and repayable on demand.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12 Other receivables (Cont'd)

Other receivables are denominated in the following currencies:

	2015 USD	2014 USD
Singapore dollars	88,257	120,919
Chinese Yuan	-	2,328,356
	<u>88,257</u>	<u>2,449,275</u>

13 Fixed deposits

Fixed deposits with interest rate at Nil (2014: 1.45% to 3.4%) per annum.

Fixed deposit are pledged with bank to secure the Company's banking facilities (Note 20).

Fixed deposits are denominated in the following currencies:

	2015 USD	2014 USD
Chinese Yuan	-	116,103,121
United States dollars	-	11,700,000
	<u>-</u>	<u>127,803,121</u>

14 Cash and cash equivalents

	2015 USD	2014 USD
Cash at bank	1,899,576	734,738
Cash on hand	2,394	1,331
Cash and cash equivalents in the statement of cash flows	<u>1,901,970</u>	<u>736,069</u>

Cash and cash equivalents are denominated in the following currencies:

	2015 USD	2014 USD
Singapore dollars	93,154	47,970
Chinese Yuan	75,571	211
Hong Kong dollars	-	43
United States dollars	1,733,245	687,845
	<u>1,901,970</u>	<u>736,069</u>

15 Share capital

	2015 USD	2014 USD
Issued and fully paid 73,829,000 (2014: 1,229,000) ordinary shares:		
At beginning and end of the year:	1,000,000	1,000,000
Issuance during the year	52,994,500	-
At end of year	<u>53,994,500</u>	<u>1,000,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The Company has one class of ordinary shares with no par value.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16 Deferred tax liabilities

	2015 USD	2014 USD
Beginning of financial year	2,317	1,949
Under provision in prior year	-	3,029
(Credit) to profit or loss	-	(2,661)
End of financial year	<u>2,317</u>	<u>2,317</u>
This represents tax on		
Excess of net book value over tax written down value	<u>2,317</u>	<u>2,317</u>

17 Bills payable

	2015 USD	2014 USD
Within one year	<u>23,348,338</u>	<u>-</u>

The bills payable are fully repayable within 3 months (2014: Nil). Bills payable are secured with Master Letter of Assignment of Export Proceeds and Memorandum of Charge of Deposit/Moneys duly executed by the authorised officer of the borrower in favour of the Bank over all cash deposits placed. The bills payable are denominated in United States dollars.

18 Trade payables

	2015 USD	2014 USD
Third parties	<u>-</u>	<u>4,009,759</u>

Trade payables are denominated in the following currencies:

	2015 USD	2014 USD
Chinese Yuan	-	457,439
United States dollars	<u>-</u>	<u>3,552,320</u>
	<u>-</u>	<u>4,009,759</u>

19 Other payables

	2015 USD	2014 USD
Accruals	<u>10,609</u>	<u>8,325</u>

Accruals are non-interest bearing, unsecured and have no fixed terms of payment and are denominated in Singapore dollars.

20 Borrowings

	2015 USD	2014 USD
Within one year	<u>-</u>	<u>123,889,798</u>

Term loan is secured by the fixed deposit (Note 13). The effective interest on the loan is Nil (2014: 1.75175% to 3.9%) per annum.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21 Forward currency contract

	Contract notional amount	Fair value Liabilities
	USD	USD
<u>2015</u>		
Contracts to deliver USD and receive CNY	<u>5,626,228</u>	<u>84,019</u>
<u>2014</u>		
Contracts to deliver CNY and receive SGD	<u>32,229,742</u>	<u>1,498,511</u>

22 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions between the Company and related parties took place during the financial year at terms agreed between the parties:

<i>Related party</i>	2015	2014
	USD	USD
Sales	290,055,057	221,781,428
Purchases	<u>14,998,960</u>	<u>10,493,096</u>
<i>Compensation of key management personnel</i>		
Directors' remuneration	<u>75,691</u>	<u>-</u>

23 Operating lease commitments

At the end of the reporting date, the Company has non-cancellable operating lease commitment in respect of rental of premises. The total future minimum lease payments are as follows:

	2015	2015
	USD	USD
Within one year	228,709	129,063
After one year but within five years	<u>102,898</u>	<u>23,840</u>
	<u>331,607</u>	<u>152,903</u>

24 Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and use of financial instruments. The main risks include credit risk, liquidity risk and market risks which consist of currency risk and interest rate risk. The Company's overall approach to risk management is to minimize potential adverse effects on the financial performance of the Company.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 Financial risk management objectives and policies (cont'd)

a Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Company trades only with recognised and creditworthy entities. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures such as the history of receipts from the customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposures to bad debts is not significant. For other financial assets (including cash and cash equivalents), the Company minimizes credit risk by dealing exclusively with high credit rating counterparties.

At the end of the reporting period, trade receivables comprise one third-party Company and one related party Company.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

"Cash and cash equivalents" and "Fixed deposit" are maintained in reputable financial institutions established in Singapore with high crediting ratings and no history of default. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

Financial assets that are past due and not impaired

As at reporting date, there is no other class of financial assets that is past due and not impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2015	2014
	USD	USD
Overdue more than 90 days	-	467,315

b Liquidity risk

Liquidity risk is the risk and difficulty that the Company may encounter in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises potentially from mismatches of the maturities of financial assets and liabilities. The Company monitors and maintains a level of cash at bank deemed sufficient by the management to finance the Company's day to day funding requirements. The Company's financial liabilities will mature within one year and its exposure to liquidity risk is minimal.

c Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from there interest-bearing bank deposit and bank borrowings. The company's profit or loss are not significantly affected by changes in market interest rates as these interest-bearing instruments mainly carry fixed interest with maturity within 1 year and are measured at amortised cost.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24 Financial risk management objectives and policies (cont'd)

d Foreign currency risk

Currency risk arises when transactions are denominated in foreign currencies. The Company's currency exposure based on the information provided to key management is as follows:

	Denominated in SGD USD	Denominated in CNY USD	Total USD
31 December 2015			
Other receivables	88,257	-	88,257
Cash and cash equivalents	93,154	75,571	168,725
Other payables	(10,609)	-	(10,609)
Currency forward contract	-	5,626,228	5,626,228
Net currency exposure	170,802	5,701,799	5,872,601

	Denominated in SGD USD	Denominated in CNY USD	Total USD
31 December 2014			
Trade receivables	-	467,315	467,315
Other receivables	120,919	2,328,356	2,449,275
Fixed deposit	-	116,103,121	116,103,121
Cash and cash equivalents	47,970	212	48,226
Trade payables	-	(457,440)	(457,440)
Other payables	(8,325)	-	(8,325)
Borrowings	-	(11,734,091)	(11,734,091)
Currency forward contract	(32,229,742)	-	(32,229,742)
Net currency exposure	(32,069,178)	106,707,473	74,638,295

If SGD and CNY change against USD by 5% (2014: 5%) and 5% (2014: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability / asset position will be as follows:

	2015 Increase/(de crease Loss after taxation USD	2014 Increase/(dec rease) Profit after taxation USD
<u>SGD against USD</u>		
- Strengthened	7,088	(1,330,871)
- Weakened	(7,088)	1,330,871
<u>CNY against USD</u>		
- Strengthened	236,625	4,428,360
- Weakened	(236,625)	(4,428,360)

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25 Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No change was made in the objectives, policies or processes during the financial year ended 31 December 2015.

The primary objective of the Company's capital management is to ensure that it maintain a strong credit rating and healthy capital ratios in order to support its business and maximized shareholders' value. The management monitors capital based on a gearing ratio, which is net debt divided by total capital. Net debt is calculated as trade and other payables less cash and cash equivalents. Total capital is calculated as net debt plus equity.

	2015 USD	2014 USD
Total debt	21,456,977	(631,309)
Total equity	<u>54,638,293</u>	<u>2,024,263</u>
Total capital	<u>76,095,270</u>	<u>1,392,954</u>
Gearing ratio	<u>28%</u>	<u>NA</u>

26 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
At 31 December 2015				
Forward currency contract	<u>-</u>	<u>84,019</u>	<u>-</u>	<u>84,019</u>
At 31 December 2014				
Forward currency contract	<u>-</u>	<u>1,498,511</u>	<u>-</u>	<u>1,498,511</u>

The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date.

The carrying amounts of other financial assets and financial liabilities in the financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 Financial instruments by category

The carrying amount of the different categories of financial instruments disclosed on the statement of financial position and on the notes to financial statements is as follows:

	2015	2014
	USD	USD
Financial assets - Loans and receivables	30,698,102	131,455,780
Financial liabilities at amortised cost	23,358,947	127,907,882
Financial liabilities at fair value through profit or loss	<u>84,019</u>	<u>1,498,511</u>

28 Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2015 are authorised for issue in accordance with a resolution of the directors (which is affixed the same date as statements by directors).

2016

HONTOP ENERGY (SINGAPORE) PTE LTD

Registration Number: 201231352K

(Incorporated in Singapore)

FINANCIAL STATEMENTS

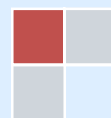
For the financial year ended 31 December 2016

FAC & Associates

Chartered Accountants of Singapore

111 North Bridge Road

#13-06 Peninsula Plaza, Singapore 179098



HONTOP ENERGY (SINGAPORE) PTE LTD

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HONTOP ENERGY (SINGAPORE) PTE LTD

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors present their report to the member together with the audited financial statements of the Company for the financial year ended 31 December 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Shang Jiyong

Shang Kai

Wee Meng Seng Aloysius

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Director's interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of director (Number of shares)	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>At beginning of year</u>	<u>At end of year</u>	<u>At beginning of year</u>	<u>At end of year</u>
<u>Holding Company</u> <u>Wanda Holdings Group Co., Ltd</u> Shang Jiyong	27,695,800	27,695,800	-	-

HORNTOP ENERGY (SINGAPORE) PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditor

The auditor, FAC & Associates has expressed its willingness to accept re-appointment.

On behalf of Board of Directors


.....
Shang Jiyong
Director

Singapore
03 FEB 2017


.....
Shang Kai
Director

FAC & ASSOCIATES

Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HONTOP ENERGY (SINGAPORE) PTE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hontop Energy (Singapore) Pte Ltd (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

FAC & ASSOCIATES

Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HONTOP ENERGY (SINGAPORE) PTE LTD

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

FAC & ASSOCIATES

Chartered Accountants of Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HONTOP ENERGY (SINGAPORE) PTE LTD

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

FAC & Associates

.....
FAC & Associates

*Public Accountants and
Chartered Accountants*

03 FEB 2017
Singapore

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 USD	2015 USD (As restated - Note 23)
Revenue - sale of goods		2,355,771,351	403,267,177
Purchase and related costs		(2,351,451,725)	(401,125,094)
Other income	3	252,682	1,221,399
Depreciation expenses	7	(7,047)	(21,455)
Employee benefits	4	(371,092)	(308,333)
Operating expenses		(1,956,517)	(2,316,748)
Finance costs - term loan interest		<u>(475,943)</u>	<u>(946,528)</u>
Profit/(loss) before taxation	5	1,761,709	(229,582)
Income tax	6	<u>(179,650)</u>	<u>(66,869)</u>
Profit/(loss) after taxation		1,582,059	(296,451)
Other comprehensive income			
- Fair value loss on forward contract		<u>-</u>	<u>(84,019)</u>
Total comprehensive income		<u><u>1,582,059</u></u>	<u><u>(380,470)</u></u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 USD	2015 USD
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Plant and equipment	7	15,591	13,990
Investment in subsidiary	8	1,458,198	-
Investment in associated company	9	47,494,500	47,494,500
		<u>48,968,289</u>	<u>47,508,490</u>
<u>Current Assets</u>			
Trade receivables	10	49,104,874	28,707,875
Other receivables	11	19,976,847	88,258
Cash and cash equivalents	12	125,566,553	1,901,970
		<u>194,648,274</u>	<u>30,698,103</u>
Total Assets		<u>243,616,563</u>	<u>78,206,593</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Share capital	13	55,844,500	53,994,500
Retained earnings		2,225,852	643,793
Total Equity		<u>58,070,352</u>	<u>54,638,293</u>
<u>Non-Current Liability</u>			
Deferred tax liabilities		<u>2,317</u>	<u>2,317</u>
<u>Current Liabilities</u>			
Trade payables		35,612,609	-
Other payables	14	99,233,898	10,609
Bank borrowings	15	50,429,870	23,348,338
Derivative financial instruments	16	-	84,019
Income tax payable		267,517	123,017
		<u>185,543,894</u>	<u>23,565,983</u>
Total Liabilities		<u>185,546,211</u>	<u>23,568,300</u>
Total Equity And Liabilities		<u>243,616,563</u>	<u>78,206,593</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Notes	Share Capital USD	Retained Earnings USD	Total USD
Balance as at 1 January 2016		53,994,500	643,793	54,638,293
Total comprehensive income		-	1,582,059	1,582,059
Issue of shares	13	<u>1,850,000</u>	<u>-</u>	<u>1,850,000</u>
Balance as at 31 December 2016		<u>55,844,500</u>	<u>2,225,852</u>	<u>58,070,352</u>
Balance as at 1 January 2015		1,000,000	1,024,263	2,024,263
Total comprehensive income		-	(380,470)	(380,470)
Issue of shares	13	<u>52,994,500</u>	<u>-</u>	<u>52,994,500</u>
Balance as at 31 December 2015		<u>53,994,500</u>	<u>643,793</u>	<u>54,638,293</u>

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	2016 USD	2015 USD (As restated - Note 23)
<u>Cash flow from operating activities</u>			
Profit/(loss) before tax		1,761,709	(229,582)
Adjustments for:			
Depreciation expense	7	7,047	21,455
Term loan interest		475,943	946,528
Interest income		(161,581)	(1,218,361)
Operating profit/(loss) before working capital changes		2,083,118	(479,960)
Trade receivables		(20,396,999)	(28,240,560)
Other receivables		(19,334,997)	32,663
Trade payables		35,612,609	(4,009,759)
Other payables		98,747,346	2,284
Derivative financial instrument		(84,019)	(1,498,511)
Bank borrowings		(23,348,338)	23,348,338
Cash generated from/(used in) operations		73,278,720	(10,845,505)
Income tax paid		(35,150)	-
Interest received		45,067	-
Net cash generated from/(used in) operating activities		73,288,637	(10,845,505)
<u>Cash flows from investing activities</u>			
Purchase of plant and equipment	7	(8,648)	(2,106)
Acquisition of subsidiary	8	(1,458,198)	-
Issuance of additional ordinary shares		1,850,000	52,994,500
Acquisition of associated company		-	(47,494,500)
Net cash generated from investing activities		383,154	5,497,894
<u>Cash flows from financing activities</u>			
Fixed deposit (pledged to)/received from bank		(51,783,950)	127,803,121
Loan to subsidiary	11	(437,078)	-
Fixed deposit interest received		-	3,546,717
Term loan interest paid		-	(946,528)
Proceed from / (repayment of) bank loan		50,429,870	(123,889,798)
Net cash (used in)/generated from financing activities		(1,791,158)	6,513,512
Net increase in cash and cash equivalents		71,880,633	1,165,901
Cash and cash equivalents at beginning of the year		1,901,970	736,069
Cash and cash equivalents at end of the year	12	73,782,603	1,901,970

The accompanying notes form an integral part of these financial statements.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The Company (Registration No. 201231352K) is a private limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at 8 Marina View #34-02B, Asia Square Tower 1, Singapore 018960.

The immediate and ultimate holding company is Wanda Holdings Group Co., Ltd, a company incorporated in China. Related companies refers to members of the ultimate holding Company.

The principal activities of the Company consist of other investment holding company and general wholesale trade (including general importers and exporters). There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Company for the financial year ended 31 December 2016 are authorised for issue in accordance with a resolution of the Board of Directors (which is affixed the same date as Directors' Statement).

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United State dollars ("USD") which is the Company's functional currency.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There were no significant critical accounting estimates and assumptions used, or critical judgment applied.

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but are not yet effective. The Company has assessed those standards and interpretations issued. The initial application of these standards and interpretations are not expected to have material impact on the Company's financial statements. The Company does not plan to early adopt these standards.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANY

Investments in subsidiary and associated company are stated at cost less accumulated impairment losses in the balance sheet. On disposal of investments in subsidiary and associated company, the difference between net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

CONSOLIDATION

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements and applying equity accounting to its investment in associate or applying proportionate consolidation to its investment as the Company is a wholly-owned subsidiary of Wanda Holdings Group Co., Ltd, a China-incorporated company which produces consolidated financial statements available for public use. The significant subsidiary and associate of the Company and the basis on which the subsidiary and associate are accounted for is disclosed in the accompanying notes. The registered office of Wanda Holdings Group Co., Ltd where those consolidated financial statements can be obtained is at #68 Yongxin Road Dongying, Shandong, PRC.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivatives financial instruments such as forward currency contracts to manage its risks associated with foreign currency and price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair-value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss for the financial year.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise loan to the holding company, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, and bank borrowings.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

b) Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Lease improvement	2 years
Furniture and fixtures	2 years
Office equipment	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

BORROWINGS

Borrowings are presented as current liabilities unless the company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective.

BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

PROVISIONS

General

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

OPERATING LEASES AS LESSEE

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

EMPLOYEE BENEFITS

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

TAXES

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

HONTOP ENERGY (SINGAPORE) PTE LTD**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2016***3 OTHER INCOME**

	2016 USD	2015 USD
Government grant	823	3,038
Interest income	161,581	1,218,361
Other income	6,259	-
Currency exchange gain	84,019	-
	<u>252,682</u>	<u>1,221,399</u>

4 EMPLOYEE BENEFITS

	2016 USD	2015 USD
CPF and related costs	22,444	14,644
Salaries, wages and bonus	348,648	293,689
	<u>371,092</u>	<u>308,333</u>

Employee benefits included directors' remuneration disclosed in significant related party transaction note.

5 PROFIT/(LOSS) BEFORE TAX

	2016 USD	2015 USD
Profit/(loss) before taxation is stated after charging the following:		
Exchange loss	660,129	-
Rental - operating lease	243,280	227,587
	<u>243,280</u>	<u>227,587</u>

6 INCOME TAX

	2016 USD	2015 USD
Current year income tax	267,517	83,534
Overprovision prior year income tax	(87,867)	(16,665)
	<u>179,650</u>	<u>66,869</u>

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

6 INCOME TAX (cont'd)

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate of 17% for the year is as follows:

	2016 USD	2015 USD
Profit/(loss) before taxation	1,761,707	(229,582)
Taxation at statutory rate of 17% (2015: 17%)	299,490	(39,029)
Expenses not deductible for tax purpose	1,673	174,714
Tax effect of capital allowance	(353)	(1,074)
Unutilised of previously unrecognised deferred tax assets	(54,324)	(3,482)
Tax effect of partial tax exemptions	(18,741)	-
Tax effect of corporate tax rebate	(18,073)	-
Others	57,845	(47,595)
Current income tax	267,517	83,534

7 PLANT AND EQUIPMENT

	<u>Lease Improvement</u> USD	<u>Furniture and fixtures</u> USD	<u>Office equipment</u> USD	<u>Total</u> USD
<u>Cost</u>				
At 1 January 2015	60,146	7,580	24,786	92,512
Additions	-	-	2,106	2,106
At 31 December 2015	60,146	7,580	26,892	94,618
Additions	-	2,076	6,572	8,648
At 31 December 2016	60,146	9,656	33,464	103,266
<u>Accumulated depreciation</u>				
At 1 January 2015	45,109	6,317	7,747	59,173
Depreciation charge	15,037	1,263	5,155	21,455
At 31 December 2015	60,146	7,580	12,902	80,628
Depreciation charge	-	585	6,462	7,047
At 31 December 2016	60,146	8,165	19,364	87,675
<u>Net carrying amounts</u>				
At 31 December 2015	-	-	13,990	13,990
At 31 December 2016	-	1,491	14,100	15,591

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

8 INVESTMENT IN SUBSIDIARY

	2016 USD	2015 USD
Unquoted equity shares at costs	1,458,198	-

Detail of the subsidiary is as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity	
			2016	2015
London & Oxford Capital Markets Limited ⁽¹⁾	Provision of financial and advisory services	United Kingdom	70%	-

⁽¹⁾ Exempted from audit in the country of incorporation.

9 INVESTMENT IN ASSOCIATED COMPANY

	2016 USD	2015 USD
Unquoted equity shares at costs	47,494,500	47,494,500

Detail of the associated company is as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity	
			2016	2015
上海祥达融资租赁有限公司 ⁽¹⁾	Finance and leasing	China	30%	30%

⁽¹⁾ Audited by public accountants in China.

The summarised financial information of associated company, not adjusted for the proportion of ownership interest held by the company, is as follows:

	2016 USD	2015 USD
Assets	24,550,252	8,065,005
Non-current assets	205,617,748	157,926,972
Liabilities	23,291,654	(5,880,327)
Non-current liabilities	20,698,829	17,412,587
Revenue	9,894,798	8,997,530
Profit before tax	7,279,780	677,884
Net profit for the year	5,431,171	265,589

HONTOP ENERGY (SINGAPORE) PTE LTD**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2016***10 TRADE RECEIVABLES**

	2016 USD	2015 USD
Related parties	36,787,788	19,764,294
Third parties	12,311,238	8,942,581
GST receivables	5,848	-
	<u>49,104,874</u>	<u>28,707,875</u>

11 OTHER RECEIVABLES

	2016 USD	2015 USD
Advance to suppliers	19,003,488	-
Deposits	69,142	88,258
Loan to subsidiary	437,078	-
Bank interest receivables	116,514	-
Margin deposit	350,625	-
	<u>19,976,847</u>	<u>88,258</u>

The advance to suppliers and loan to subsidiary are interest-free, non-secured and repayment on demand.

12 CASH AND CASH EQUIVALENTS

	2016 USD	2015 USD
Cash and bank balances	8,132,603	1,901,970
Fixed deposits	117,433,950	-
	<u>125,566,553</u>	<u>1,901,970</u>
Less: Fixed deposits - pledged	51,783,950	-
Cash and cash equivalents per Statement of Cash Flows	<u>73,782,603</u>	<u>1,901,970</u>

The fixed deposits bear fixed interest of 1% per annum (2015: nil) and matures 3 months after year end.

Fixed deposits of USD 51,783,950 (2015: nil) are pledged to secure bank borrowings (Note 15).

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

13 SHARE CAPITAL

	2016 USD	2015 USD
Issued and fully paid 76,329,000 (2015: 73,829,000) ordinary shares:		
At beginning and end of the year	53,994,500	1,000,000
Issuance during the year	<u>1,850,000</u>	<u>52,994,500</u>
At beginning and end of the year	<u>55,844,500</u>	<u>53,994,500</u>

The Company has one class of ordinary shares with no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

14 OTHER PAYABLES

	2016 USD	2015 USD
Customer deposits	98,743,976	-
Accruals	13,979	10,609
Bank interest payables	<u>475,943</u>	<u>-</u>
	<u>99,233,898</u>	<u>10,609</u>

The customer deposits are interest-free, unsecured and repayable on demand.

15 BANK BORROWINGS

	2016 USD	2015 USD
Bills payable	-	23,348,338
Short term loan – secured	<u>50,429,870</u>	<u>-</u>
	<u>50,429,870</u>	<u>23,348,338</u>

In 2015 bill payables bore interest of 0.7 to 1.1% per annum, secured by a letter of assignment of all invoices to the issued bank and repayable 3 months after year end.

The short term loan is secured with short term fixed deposit (Note12) of USD 51,783,950 (2015: Nil), bears fixed interest of 4.15% (2015: Nil) per annum and is repayable in 2017.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16 DERIVATIVE FINANCIAL INSTRUMENT

	2016 USD	2015 USD
Derivative held for hedging		
<i>Cash flow hedge</i>		
- Fair value of forward currency contracts	-	84,019
Contract notional amount		
- Contract to deliver USD and receive CNY	52,047,185	5,626,228

17 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions between the Company and related parties took place during the financial year at terms agreed between the parties during the financial year:

	2016 USD	2015 USD
<i>Related Parties</i>		
Sales	879,158,770	290,055,057
Purchases	47,863,416	14,998,960
<i>Compensation of key management personnel</i>		
Directors' remuneration	75,226	75,691

18 OPERATING LEASE COMMITMENTS

The Company leases office space under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2016 USD	2015 USD
Within one year	114,398	228,709
After one year but within five years	-	102,898
	114,398	331,607

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and bank balance are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

As at reporting date, there is no other class of financial assets that is past due and / or impaired except for trade debtors as disclosed in the following aging analysis:

	2016	2015
	USD	USD
Past due but not impaired:		
Less than 30 days	27,785,899	-
Overdue more than 90 days	21,313,127	-
	<u>49,099,026</u>	<u>-</u>

As at 31 December 2016 and 2015, there is no impairment loss on trade receivables. These receivables are not secured by any collateral or credit enhancements.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19 FINANCIAL RISK MANAGEMENT (Cont'd)

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Liquidity risk arises from the possibility that the Company is unable to meet its obligations to other counterparties. The Company monitors and maintains a level of cash deemed adequate by management to finance the Company's operation and mitigate the effects of fluctuations in cash flow and its exposure to liquidity risk is minimal. The Company's financial liabilities will mature within one year and its exposure to liquidity risk is minimal.

The financial assets and liabilities of the company as at 31 December 2016 and 2015 are repayable on demand or done within 1 year from balance sheet date.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rate, The Company is not significantly exposed to interest rate risk.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchased that are denominated in a currency other than the functional currency of the Company, primarily Singapore Dollars ("SGD"), Chinese Yuan ("CNY") and English Sterling Pound ("GBP").

HONTOP ENERGY (SINGAPORE) PTE LTD**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2016***19 FINANCIAL RISK MANAGEMENT (Cont'd)****Market risk (Cont'd)****(ii) Foreign currency risk (Cont'd)**

The Company's currency exposures to GBP, SGD and CNY at the reporting date were as follows:

	<u>USD</u> USD	<u>SGD</u> USD	<u>CNY</u> USD	<u>GBP</u> USD	<u>Total</u> USD
<u>2016</u>					
Trade receivable	49,099,026	-	-	-	49,099,026
Other receivables	467,139	69,142	-	437,078	973,359
Cash and bank balance	125,356,166	62,754	147,633	-	125,566,553
Trade payables	(35,612,609)	-	-	-	(35,612,609)
Other payables	(475,943)	(13,979)	-	-	(489,922)
Bank borrowings	-	-	(50,429,870)	-	(50,429,870)
	138,833,779	117,917	(50,282,237)	437,078	89,106,537
Less: Net financial assets denominated in company's functional currency	(138,833,779)	-	-	-	(138,833,779)
Forward contract	-	-	50,429,870	-	50,429,870
Net currency exposure	-	117,917	147,633	437,078	702,628
<u>2015</u>					
Trade receivable	28,707,875	-	-	-	28,707,875
Other receivables	-	88,258	-	-	88,258
Cash and bank balance	1,733,246	93,154	75,570	-	1,901,970
Bank borrowings	(23,348,338)	-	-	-	(23,348,338)
Derivative financial instruments	(84,019)	-	-	-	(84,019)
Other payables	-	(10,609)	-	-	(10,609)
	7,008,764	170,803	75,570	-	7,255,137
Less: Net financial assets denominated in company's functional currency	(7,008,764)	-	-	-	(7,008,764)
Net currency exposure	-	170,803	75,570	-	246,373

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on profit after tax is not considered significant.

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016 and 31 December 2015.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2015.

21 FAIR VALUE OF FINANCIAL INSTRUMENT

The carrying amounts of other financial assets and financial liabilities in the financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to holding and related companies) approximate their fair values as they are subject to normal trade credit terms.

Derivative financial instrument

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- a. quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b. input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21 FAIR VALUE OF FINANCIAL INSTRUMENT (Cont'd)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<u>At 31 December 2016</u>				
Forward currency contract	-	-	-	-
<u>At 31 December 2015</u>				
Forward currency contract	-	84,019	-	84,019

The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date.

22 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments disclosed on the statement of financial position and on the notes to financial statements is as follows:

	2016 USD	2015 USD
Financial assets - Loans and receivables	175,638,938	30,698,103
Financial liabilities at amortised cost	86,532,401	23,358,947
Financial liabilities at fair value through profit or loss	-	84,019

HONTOP ENERGY (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

23 COMPARATIVES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

	2015	
	As restated USD	As previously stated USD
<u>Statement of comprehensive income</u>		
Purchase and related costs	(401,125,094)	-
Cost of sales	-	(401,125,094)
Depreciation	(21,455)	-
Employee benefits	(308,333)	-
Operating expenses	(2,316,748)	-
Other comprehensive income – fair value loss on forward contract	(84,019)	-
Finance costs – term loan interests	(946,528)	(1,909,477)
Other gains and losses	-	(979,485)
Other operating expenses	-	(21,455)
Administrative expenses		(766,666)
<u>Statement of cash flows</u>		
Profit/loss before tax	(229,582)	(313,601)
Derivative financial instrument	(1,498,511)	-
Fair value loss on forward currency contract	-	84,019
Finance charge	-	962,949
Interest received	-	2,048,206
Cash from/(used in) operations		
Cash from investing activities		
Issuance of additional ordinary shares	52,994,500	-
Cash from financing activities		
Issuance of share capital	-	52,994,500
Finance charges	-	(962,949)
Fixed deposit interest received	3,546,717	-

Wanda Holdings Group Co., Ltd
Audit Report for the Consolidated Financial Statements for 2015
Shandong Tianhao Auditors [2016] No. 2537

Shandong Tianhao Accounting Firm Ltd.



Shareholders of Wanda Holdings Group Co., Ltd.,

We have audited the accompanying consolidated financial statements of Wanda Holdings Group Co., Ltd. (hereafter refers to "Wanda Holdings Company"), including the consolidated Balance Sheet on December 31, 2015, consolidated Income Statement, consolidated Income Statement, consolidated Cash Flow Statement and notes to the financial statements.

I. Management's responsibility to the financial statements

The management of Wanda Holdings Company is responsible for preparing and fairly presenting the consolidated financial statements. The responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises, and fairly presenting the financial situation of the Company; (2) designing, implementing and maintaining necessary internal control, to ensure there is no major misstatement due to fraud or error.

II. The responsibility of certified public accountants

Our responsibility is on the basis of carrying out audit work to express an opinion on the consolidated financial statements. We carried out in accordance with the provisions of Chinese certified public accountants auditing standards the audit work. Chinese certified public accountants auditing standards require that we comply with the Chinese certified public accountants professional ethics, plan and perform the audit work so as to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatements.

Audit work involves the implementation of audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures selected depend on the judgment of the certified public accountants, including an assessment of the risk of material misstatement of the consolidated financial statements due to fraud or error. In risk assessment, certified public accountants consider internal

control associated with the preparation and fair presentation of the consolidated financial statements of the internal control, in order to design appropriate audit procedures, but the purpose of which is not to give an opinion on the effectiveness of internal control. Audit work also include an evaluation of the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate, which provides a basis for the giving of an audit opinion.

III. Audit opinion

We are of the opinion that, Wanda Holdings' the consolidated financial statements are prepared in accordance with the provisions of the Accounting Standards for Business Enterprises in all material respects, fairly reflects the consolidated financial position of Wanda Holdings as at Dec 31, 2015, and the consolidated operating results and consolidated cash flow for 2015.

Shandong Tianhao Accounting Firm Ltd.	Chinese certified public accountant: [signature and chop]
Dongying, PRC	Chinese certified public accountant: [signature and chop]
	March 26, 2016

Consolidated Balance Sheet
For the period ended 31 December, 2015
Prepared by: Wanda Holdings Group Co., Ltd.

Unit (CNY)			
ASSETS	Row number	End of the period	Beginning of the period
Current assets :	1		
Cash and cash equivalents	2	3,363,668,628.56	4,268,448,542.40
Financial assets held for trading	3	114,896,734.13	576,797,474.13
Notes receivable	4	1,728,026,818.68	1,983,801,493.55
Dividends receivable	5	9,715,583.20	-
Interest receivable	6	14,231,917.33	-126,318.93
Accounts receivable	7	3,673,956,599.34	4,504,717,174.77
Other receivables	8	167,151,011.39	266,152,832.77
Prepayments	9	3,339,363,090.74	2,907,357,155.89
Inventories	10	4,810,194,198.34	5,794,019,980.77
Pre-paid expenses	11	509,240.65	1,379,842.97
Long-term loans due within one year	12	26,274.56	41,502.24
Other current assets	13	409,800,107.25	1,188,678,618.09
Total current assets	14	17,631,540,204.17	21,491,268,298.65
Non-current assets:	15	-	-
Available-for-sale financial assets	16	210,370,361.23	208,970,361.23
Held-to-maturity financial assets	17	-	-
Investment properties	18	28,441,595.88	204,504,690.31
Long-term investment on stocks	19	425,706,099.30	228,406,099.30
Long-term receivable	20	-	40,296,093.48
Fixed assets original value	21	14,503,884,586.11	15,909,497,757.07
Less: accumulated depreciation	22	3,073,722,601.75	3,835,704,094.67
Less: fixed assets impairment	23	128,000.00	-
Fixed assets net value	24	11,430,033,984.36	12,073,793,662.40
Construction in progress	25	1,194,463,138.48	2,359,581,916.18
Project goods and material	26	2,911,589.70	3,214,063.95
Liquidation of fixed assets	27	489,321.28	-
Productive biological assets	28	-	-
Intangible assets	29	410,333,062.41	517,538,684.40
Development expenditure	30	-	-
Long-term deferred expenses	31	5,622,742.86	5,312,054.14
Deferred income tax assets	32	12,806,140.18	28,900,234.90
Other non-current assets	33	1,627,440.43	1,349,051.00
Total non-current assets	34	13,722,805,476.11	15,671,866,911.29

Total assets	35	31,354,345,680.28	37,163,135,209.94
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Unit (CNY)			
LIABILITIES AND EQUITY	Row number	Year Ended 31 December,2014	Year Ended 31 December,2015
Current liabilities	47		
Short-term borrowing	48	8,270,002,877.67	5,698,137,359.62
Trading financial liabilities	49	-	-
Notes payable	50	4,756,000,000.00	5,452,906,640.00
Accounts payable	51	1,330,089,825.34	1,156,813,105.13
Deposit received	52	75,093,648.34	153,339,883.57
Payroll payable	53	52,562,111.63	46,321,305.15
Dividends payable	54	31,295,337.07	-
Interest payable	55	-	232,380,257.18
Tax payable	56	-88,762,899.52	-192,601,053.92
Other payable	57	94,289,218.08	117,767,568.16
Accrued expenses	58	3,467,709.93	10,916,354.61
Long-term liabilities due within one year	59	398,488,627.43	50,000,000.00
Other current liabilities	60	5,901,783.10	1,723,793,628.09
Total current liabilities	61	14,928,428,239.07	14,449,775,047.59
Non-current liabilities	62		
Long-term liabilities	63	3,733,649,034.89	3,827,482,777.76
Bonds payable	64	-	3,600,000,000.00
Long-term accounts payable	65	-	91,208,744.17
Special payable	66	3,626,034.00	-
Deferred income tax liabilities	67	-	-
Other long-term non-current liabilities	68	-	-
Total non-current liabilities	69	3,737,275,068.89	7,518,691,521.93
Total liabilities	70	18,665,703,307.96	21,968,466,569.52
	71		
	72		
	73		
EQUITY	74		
Minority shareholders' equity	75	6,390,973,447.20	7,174,487,260.60
Paid-up capital	76	53,510,000.00	53,510,000.00
Capital reserve	77	307,561,446.92	575,326,786.17
Surplus reserves	78	390,348,995.40	509,266,273.87
Undistributed profit	79	5,546,248,482.80	6,882,078,319.78
Total equity	80	12,688,642,372.32	15,194,668,640.42
Total Equity and Liabilities	81	31,354,345,680.28	37,163,135,209.94

Consolidated income statement
For the period ended December, 2015
Prepared by: Wanda Holdings Group Co., Ltd.

Unit (CNY)			
Items	Row number	Current Month	Current Year Cumulative
I. Operating Income	1	1,592,310,359.42	39,051,310,308.56
Less: operating cost	2	1,182,983,069.35	34,566,203,596.09
Operating taxes and surcharges	3	18,165,501.47	113,723,123.61
Sales expenses	4	49,683,133.85	365,795,455.27
Administrative expenses	5	69,624,736.25	463,853,001.95
Financial expenses	6	63,690,506.95	723,037,385.12
Which in: Interests expenses		-	-
Net foreign exchange gain/loss		-	-
Handling charge		-	-
Assets impairment loss	7	71,218,148.97	71,218,148.97
Add: Gain from fair values changes	8	-	-
Investment income	9	-15,513,989.04	10,787,184.24
II. Operating Profit	10	121,431,273.55	2,758,266,781.79
Add: non-operating income	11	14,514,032.54	31,205,637.99
Less: non-operating expenses	12	6,843,207.86	12,635,476.42
Which in: Net loss of non-current assets disposal	13	-	-
Less: prior year profit or loss adjustment	14	-	-
III. Profit before tax	15	129,102,098.23	2,776,836,943.35
Less: Income tax expenses	16	53,046,845.74	715,502,462.19
IV. Net profit	17	76,055,252.49	2,061,334,481.16
V. Earnings per share	18	-	-
1. Basic earnings per share	19	-	-
2. Diluted earnings per share	20	-	-

Consolidated Cash Flow Statement
For the period ended December, 2015
Prepared by: Wanda Holdings Group Co., Ltd.

Unit (CNY)		
Items	Row number	Amounts
I. Cash flows from operating activities	1	
Cash receipts from sales of goods or rendering services	2	38,043,021,293.49
Receipts of taxes refund	3	
Other cash receipts relating to operating activities	4	31,205,637.99
Sub-total of cash inflows	5	38,074,226,931.48
Cash payments for goods purchased and services received	6	32,780,076,327.78
Cash payments to and on behalf of employees	7	448,579,625.61
Payments of taxes	8	1,396,179,567.86
Other cash payment relating to operating activities	9	978,034,016.65
Sub-total of cash outflows	10	35,602,869,537.90
Net cash flows from operating activities	11	2,471,357,393.58
II. Cash flows from investing activities	12	
Proceeds from realisation of investments	13	
Cash receipts from returns on investments	14	34,861,003.70
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	15	
Cash receipts relating to other investing activities	16	
Sub-total of cash inflows	17	34,861,003.70
Cash payments for fixed assets, intangible assets and other long-term assets	18	2,677,161,645.47
Cash payments for investments	19	-
Cash payments relating to other investing activities	20	1,258,453,666.43
Sub-total of cash outflows	21	3,935,615,311.90
Net cash flows from investing activities	22	-3,900,754,308.20
III. Cash flows from financing activities	23	
Cash receipts from capital contributions	24	362,797,380.00
Cash receipts from borrowings	25	12,965,678,148.90
Cash receipts relating to other financing activities	26	23,478,350.08
Sub-total of cash inflows	27	13,351,953,878.98
Cash repayments of borrowings	28	10,492,198,551.51
Cash payments for distribution of dividends or profits and interest expenses	29	521,952,465.01
Cash payments relating to other financing activities	30	3,626,034.00
Sub-total of cash outflows	31	11,017,777,050.52
Net cash flows from financing activities	32	2,334,176,828.46
IV. Effect of foreign exchange rate changes on net cash flows	33	
V. Net increase in cash and cash equivalents	34	904,779,913.84

Supplementary information of cash flows

I. Reconciliation of net profit to operating activities cash flow	1	2,061,334,481.16
Net profit		
Add: Provision for assets impairment	2	128,000.00
Depreciation of fixed assets	3	761,981,492.92
Amortization of intangible assets	4	-
Amortization of long-term deferred expenses	5	-
Decrease in deferred expenses ("-" means increase)	6	-870,602.32
Increase in accrued expenses ("-" means decrease)	7	7,448,644.68
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" means gain)	8	
Loss on retirement of fixed assets	9	
Loss on fair value changes	10	
Financial expenses	11	723,037,385.12
Loss on investment ("-" means gain)	12	-10,787,184.24
Decrease in deferred tax assets	13	-16,094,094.72
Increase in deferred tax liabilities	14	
Decrease of inventory ("-" means increase)	15	-983,825,782.43
Decrease in operating receivable ("-" means increase)	16	-753,531,136.83
Increase in operating payable ("-" means decrease)	17	682,792,190.23
Other	18	
Net cash flows from operating activities	19	2,471,357,393.58
II. Non-cash major investment and financing activities	20	
Conversion of debt into capital	21	
Convertible corporate bonds matured within one year	22	
Fixed assets acquired under financing lease	23	
III. Net increases in cash and cash equivalents	24	
Cash balance at the end of the period	25	4,268,448,542.40
Less: cash balance at the beginning of the period	26	3,363,668,628.56
Add: cash balance equivalents at the end of the period	27	
Less: cash balance at the beginning of the period	28	
Net increases in cash and cash equivalents	29	904,779,913.84

Wanda Holdings Group Co., Ltd
Notes to the 2015 Financial Statements
(Unit: RMB Yuan, except as specified)

I. Company information

Wanda Holdings Group Co., Ltd (hereafter referred to as the "Company") is a limited liability company co-funded by 15 natural persons, namely Shang Jiyong, Sun Shantian, Shang Weihua, Zhang Ruiguo, Zhou Guomin, Ba Hongjun, Xu Xiaoyu, Zhang Jimin, Ba Hongjie, Ba Shushan, Ba Yujian, Sun Zengwu, Qin Guangsheng, Shang Shenghua, Zhang Lingxun, in accordance with the Companies Act and other related regulations. The registered capital is RMB 53.51 million. The Company mainly engages in the manufacture and sale of electrical appliances materials, chemical products (excluding flammable and combustible dangerous products), and tyres, the production, processing and sale of construction materials, as well as construction, installation, decoration, administration of roads and railways, and municipal administration.

The financial statements were approved by resolution of the Company's Board of Directors on March 31, 2016 for publication.

II. Basis of preparation of financial statements

The Company's financial statements were prepared based on the assumption of going concern, and actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance on Feb 15, 2006, specific accounting standards, Accounting Standards for Business Enterprises Application Guidance, Interpretations to the Accounting Standards for Business Enterprises, and other related rules issued thereafter (hereafter referred to as "Accounting Standards for Business Enterprises").

According to related rules of Accounting Standards for Business Enterprises, the Company's accounting system uses the accrual basis. This financial statement uses historical costs as the basis of measurement. If an asset decreases in value, provision for impairment shall be provided in accordance with relevant rules.

III. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company complies with the requirements of the Accounting Standards for Business Enterprises, which truly and fully reflects information such as the Company's financial situation as of Dec 31, 2015 and the operating results and cash flow of 2015.

IV. Major accounting policies and accounting estimates

1. Accounting period

The Company's accounting period is annual and interim. An interim accounting period refers to a reporting period of less than one full accounting year. The Company adopts calendar year as its accounting year, i.e., Jan 1 to Dec 31 each year.

2. Reporting currency

RMB is the currency used in the main economic environment where the Company and its onshore subsidiaries operate. The Company and its onshore subsidiaries use RMB as reporting currency.

3. Accounting treatment for enterprise merger

Enterprise merger refers to a transaction or event in which two or more than two separate enterprises are consolidated into one reporting entity. Enterprise merger can be divided into enterprise merger under common control, and enterprise merger not under common control.

(1) Enterprise merger under common control

Enterprise merger under common control refers to the situation in which enterprises participating in merger are under ultimate control by the same party or numerous same parties both pre and post-merger, and such control is not temporary in nature. For enterprise merger under common control, the party which obtains control over other enterprises participating in the merger on the consolidation date is known as the consolidating party, while other enterprises participating in the merger are known as consolidated parties. Consolidation date refers to the date whereby the consolidating party actually obtains control over the consolidated party.

Assets and liabilities obtained by the consolidating party are measured using the book value in the consolidated party's accounts as of the consolidation date. The difference between the net asset book value and the book value of the consolidation consideration paid (or total of the par value of shares issued) shall be adjusted in capital reserve (share premium). Where the capital reserve (share premium) is insufficient to set-off, it shall be adjusted in retained earnings.

The various direct expenses incurred by the consolidating party in carrying out enterprise merger shall be charged into profit or loss for the current period when incurred.

(2) Enterprise merger not under common control

Enterprise merger not under common control refers to the situation in which enterprises participating in merger are not under ultimate control by the same party or numerous same parties both pre and post-merger. For enterprise merger not under common control, the party which obtains control over other enterprises participating in the merger on the purchase date is known as the purchasing party, while other enterprises participating in the merger are known as purchased parties. Purchase date refers to the date whereby the purchasing party actually obtains control over the purchased party.

For enterprise merger not under common control, the consolidation cost includes the fair value of assets supplied, liabilities incurred or borne, and equity securities issued by the purchasing party for the purpose of obtaining control over the purchased party on the purchase date, agency fees for services such as audit, legal and appraisal services which are incurred as a result of enterprise merger, and other administrative expenses, which are charged into profit or loss for the current period. Trading costs for equity securities and debt securities issued as consolidation consideration by the purchasing party are charged into the initial recognition amount of equity securities or debt securities. Where adjustments to the consolidation costs are likely to occur and can reliably be measured, they are recognized as contingent consideration, and its subsequent measure shall affect goodwill. The contingent consideration involved is charged into consolidation costs based on its fair value on the purchasing date. Where adjustments to contingent consideration is required as a result of new or further evidence regarding circumstances which were in existence on the purchase date is found within 12 months from the purchase date, adjustments shall be made to consolidation goodwill accordingly.

Consolidation costs incurred by the purchaser and identifiable net assets obtained on consolidation are measured at fair value on the purchase date. The amount by which the consolidation cost is greater than the fair value of identifiable net assets of the purchased party on the purchase date acquired on consolidation is recognized as goodwill. Where the consolidation cost is less than the fair value of identifiable net assets of the purchased party acquired on consolidation, a re-checking will first be made on the calculation of the fair value of the various identifiable assets, liabilities and contingent liabilities of the purchased party acquired and the consolidation cost. Where after re-checking, the consolidation cost is still less than the fair value of the identifiable net assets of the purchased party acquired on consolidation,

4. Method of preparation of the consolidated financial statements

(1) Principles of determining the scope of the consolidated financial statements

The scope of consolidation of the consolidated financial statements shall be determined on the basis of control. Control means that the Company can decide on the financial and operating policies of the invested entity, and has the right to thereby obtain benefits from the operating activities of the invested entity. The scope of consolidation includes the Company and all subsidiaries. Subsidiaries refer to enterprises or entities controlled by the Company.

(2) Method of preparation of the consolidated financial statements

Consolidation of a subsidiary begins when the Group obtains actual control over the net assets and production and operations decision-making power of a subsidiary. Consolidation stops from the date when the Group loses actual control. For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal has been appropriately included in the consolidated income statement and consolidated statement of cash flow. For subsidiaries disposed of in the current period, the opening balance on the consolidated balance sheet has not been adjusted. For subsidiaries newly-added through business consolidation not under common control, their operating results and cash flows after the purchase date have been appropriately included in the consolidated income statement and consolidated statement of cash flow, and the opening balance and comparison value in the consolidated financial statement has not been adjusted. For subsidiaries newly-added through business combination under common control, their operating results and cash flows from the beginning of the period of consolidation to the consolidation date has been appropriately included in the consolidated income statement and consolidated statement of cash flow, and the comparison value in the consolidated financial statement has been adjusted at the same time.

In preparing the consolidated financial statements, where the accounting policies or accounting period adopted by the subsidiaries are different from that of the Company's, necessary adjustments are made to the financial statements of the subsidiaries based on the accounting policies and accounting period of the Company. With respect to subsidiaries acquired through business combination not under common control, adjustments are made to their financial statements based on the fair value of identifiable net assets on the purchase date.

All material intra-company transaction balances, transactions and unrealized profits are offset on the preparation of the consolidated financial statements.

The portion of subsidiaries' equity and net profits or losses of the current period which are not attributable to the Company are presented separately as minority interests and minority profits or losses in the consolidated balance sheet under the item shareholders' equity and net profits in the consolidated financial statement respectively. The portion of net profits or losses of subsidiaries for the

current period attributable to minority interests is presented as minority gains or losses under the net profit item in the consolidated income statement. Where the amount of loss of subsidiaries borne by minority shareholders exceeds the portion of opening balance of owners' equity in for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' share of the opening balance of that subsidiary's owners' equity, the excess amount shall be used to offset minority interests.

5. Basis of determining cash and cash equivalents

The Company's cash and cash equivalents comprises cash in hand, deposits that can readily be used for payment, and short-term (generally to be due within three months from the date of purchase), highly liquid investments which are readily convertible into known amounts of cash and with very low risk of fluctuation in value.

6. Foreign currency business and translation of foreign currency statements

(1) Method for translating foreign currency transactions

Transactions in foreign currencies incurred by the Company are translated into the amount in reporting currency at the spot rate of the transaction date (usually the middle price of the exchange quotation for the day announced by the People's Bank of China, the same below). But foreign currency exchange business carried out by the Company may involve foreign currency exchange transactions, which shall be translated into the amount in reporting currency at the actual exchange rate adopted.

(2) Method for translating monetary items and non-monetary items in foreign currencies

Monetary items in foreign currencies at the balance sheet date are translated into RMB at the spot exchange rate on the balance sheet date. Exchange gains and losses are dealt with in the income statement for the current period, save for exchange gains and losses arising on special loans in foreign currency related to purchasing assets which are qualified for capitalization, which shall be recorded according to the principle of capitalizing loan expenses.

Non-monetary items in foreign currencies recorded at historical cost are still recorded in the reporting currency amount translated at the spot rate of the transaction date. Non-monetary items in foreign currencies recorded at fair value are translated at the spot rate of the fair value determination date. The difference between the translated reporting currency amount and the original reporting currency amount is treated as changes in fair value (including change in exchange

rate), which shall be charged into profit or loss for the current period, or recognized as other comprehensive income and charged into capital reserve.

7. Financial instruments

(1) Method of determining fair values of financial assets and financial liabilities

Fair value is defined as the amount for the willing exchange of assets or settlement of debt by transaction parties familiar with the circumstances in a fair transaction. If there is an active market for a financial instrument, the Company will use the quoted price in the active market to determine the fair value for the financial instrument. The quoted price in an active market refers to price which can easily be obtained regularly from the exchange, brokers, industry associations, pricing service institutions, etc., and it represents the price of market transactions actually incurred in fair trading. If there is not an active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include referring to price used in market transactions recently carried out by well-informed and willing parties, referring to the current fair value of other financial instruments which are materially the same, discounted cash flow model and pricing model for options, etc.

(2) Classification, recognition and measurement of financial assets

Financial assets traded in a conventional way are recognized and de-recognized on the transaction date. On initial recognition, financial assets are categorized into 4 groups: financial assets measured at fair value with its changes being recorded into profit or loss of the current period; investments held-to-maturity; loans and the accounts receivable; and financial assets available for sale. On initial recognition of financial assets, they are measured at fair value. For financial assets measured at fair value with its changes being recorded into profit or loss of the current period, relevant transaction expenses are directly recorded into profit or loss of the current period. For other financial assets, relevant transaction expenses are recorded into the initial recognition amount.

① Financial assets measured at fair value with its changes being recorded into profit or loss of the current period

Include financial assets held for trading and financial assets that are measured at fair value and the changes of which are recorded into profit or loss of the current period.

It should be classified as financial assets held for trading if one of the following conditions is met: A. The purpose of obtaining financial assets is to sell them recently; B. They are part of identifiable financial instruments which are centrally managed and there is objective evidence to show that the Company manages the category through short-term gains recently; C. They belong to derivative financial instruments. But they do not include derivative instruments which are designated as and are effective hedging instruments, or which are financial guarantee contracts, or derivative instruments linked to equity instrument investments which have no quoted price on the active market, whose fair value can't be measured

reliably and which has to be settled through delivery of the equity instrument.

It should be designated as financial assets measured at fair value and the changes of which are recorded into profit or loss of the current period on initial recognition if one of the following conditions is met: A. the designation can remove or significantly reduce inconformity in recognition or measurement of relevant gains or losses arising from different measurement basis; B the Company's official documents on risk management or investment strategy stated that the financial assets portfolio or the financial assets and financial liabilities portfolio to which the financial asset belongs is managed, assessed and reported to the key management on the basis of fair value.

Financial assets measured at fair value and the changes of which are recorded into profit or loss of the current period should be measured at fair value in subsequent measurement. Gains or losses from changes in fair value and relevant dividends and interest income are recorded into profit or loss of the current period.

② Held-to-maturity investments

Refers to non-derivative financial assets which the maturity date is fixed, the recoverable amount is fixed or ascertainable and the Company has clear intention and ability to hold to maturity.

Held-to-maturity investments adopts effective interest rate method and the amortized cost in subsequent measurement. Gains or losses arising from de-recognition, impairment or amortization are recorded into profit or loss of the current period.

In effective interest method, amortized cost and interest income or expense in various periods are calculated according to the effective interest rate of financial assets or financial liabilities (including a portfolio of financial assets or financial liabilities). Effective rate of interest is used to discount future cash flows of a financial asset or financial liability in expected period of existence or appropriate shorter time, into the current book value of the financial asset or financial liability.

In calculating effective rate of interest, the Company will estimate future cash flows on the basis of considering all the terms of contracts for financial assets and financial liabilities (not considering future credit loss), at the same time, it also considers various charges, transaction expenses and discounts or premiums which are paid or received by parties to contracts thereof and are part of effective rate of interest.

③ Loans and the accounts receivable

Refers to non-derivative financial asset for which there is no quoted price in the active market and of which the repurchase amount is fixed or ascertainable. Financial assets classified as loans and accounts receivable include notes receivables, accounts receivables, interests receivables, dividends receivables and other receivables.

Loans and the accounts receivable adopt effective interest rate and the amortized cost in subsequent measurement. Gains or losses arising from de-recognition, impairment or amortization are recorded into profit or loss of the current period.

④ Financial assets available for sale

Include non-derivative financial assets which are designated as available-for-sale on initial recognition, and financial assets other than financial assets, loans and accounts receivables, and investments held to maturity which are measured at fair value with their changes recorded into profit or loss of the current period.

Financial assets available for sale use fair value in subsequent measurement. Gains or losses arising from changes in fair value are recognized as other comprehensive income, and recorded into capital reserve and will be transferred out of the account on de-recognition, then recorded into profit or loss of the period. But impairment loss and exchange difference of monetary financial assets in foreign currencies related to amortized cost are recorded into profit or loss of the current period.

Interests gained during the holding period of available-for-sale financial assets and cash dividends declared by investee companies are recorded into investment income.

(3) Impairment of financial assets

Other than financial assets measured at fair value with their changes recorded into profit or loss of the current period, the Company checks book values of other financial assets on each balance sheet date. If there is objective evidence showing that impairment of financial assets occurs, provision for impairment is recorded.

The Company carries out impairment test separately for financial assets whose single amount is significant. For financial assets whose single amount is not significant, the carrying out of a separate impairment test may include the carrying out of impairment test for financial assets category with similar credit risk characteristics. For financial assets that are not identified as impaired through separate testing (including those whose single amount is significant and those whose single amount is not significant), they will be included in a financial assets category with similar risk characteristics, and impairment test will be carried out again. For financial assets whose impairment losses have been separately recognized, they are not included in financial assets category with similar risk characteristics for the purpose of the carrying out of impairment test.

① Impairment of held-to-maturity investments, loans and accounts receivables

The book value for financial assets at cost or amortized cost is written down to the present value of expected future cash flow, the written down amount of which is recognized as impairment losses and recorded into profit or loss of the current period. After a financial asset's impairment is recognized, if there is objective evidence to show that its asset value has been recovered, and they objectively relate to events occurring after the recognition of such impairment losses, then the impairment losses original recognized will be reversed, and the book value of the financial asset after impairment loss has been reversed shall not exceed the financial asset's amortized cost at the reversal date, assuming that no provision for impairment is provided.

② Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value previously charged into capital reserve shall be reclassified and charged into profit or loss. The amount of the cumulative loss that is reclassified is the difference between the initial acquisition cost of that asset,

and the recovered principal amount and amortized amount, the current fair value, and the impairment loss originally charged into profit or loss.

After impairment loss is recognized, shall there be objective evidence afterwards that the value of such financial asset has been recovered, and they objectively relate to events occurring after such loss is recognized, then the impairment loss originally recognized shall be reversed. The impairment loss for available-for-sale equity instrument investments shall be reversed and recognized as other comprehensive income, while the impairment loss for available-for-sale debt instruments shall be reversed and charged into profit or loss for the current period.

The impairment loss for equity instrument investments which do not have quotation on an active market and whose fair value cannot be reliably measured, or derivative financial assets linked to such equity instruments and which shall be settled by delivery of such equity instruments, shall not be reversed.

(4) The basis of recognition of and the method of calculating the transfer of financial assets

The Company de-recognizes a financial asset when: (1) the contractual rights to obtain the cash flows from the financial asset expires; or (2) the financial asset has been transferred, and substantially all of the risks and rewards over the title of the financial asset has been transferred to the transferor; or (3) the financial asset has been transferred, although the company has neither transferred nor retained substantially all of the risks and rewards over the title of the asset, it has nevertheless given up control over the financial asset.

If the Company has neither transferred nor retained substantially all of the risks and rewards over the title of the financial asset, and has not given up control over the financial asset, then the financial asset shall be recognized based on the extent of continued involvement in the transferred financial asset and recognize relevant liabilities accordingly. The extent of continued involvement in the transferred financial asset is the level of risks faced by the enterprise as a result of changes in value of the financial asset.

For a transfer of a financial asset in its entirety that satisfies the de-recognition criteria, the difference between the carrying amount of the financial asset transferred, together with the sum of the consideration received from the transfer, and any cumulative changes in fair value that is originally recognized in other comprehensive income, is charged into profit or loss.

For a partial transfer of a financial asset that satisfies the de-recognition criteria, the book value of the transferred asset shall be apportioned among the de-recognized and the not yet de-recognized portion based on its relative fair value. The difference between the aggregate of the consideration received on transfer and the cumulative changes in fair value originally charged into other comprehensive income that should be charged in the de-recognized portion, and the aforesaid apportioned book value, shall be charged into profit or loss.

(5) Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities measured at fair value with fair value changes charged into profit or loss for the current period, and other financial liabilities. On initial recognition, financial liabilities are measured at fair value. With respect to financial assets measured at fair value with fair value changes charged into profit or loss for the current period,

relevant trading costs shall be directly charged into profit or loss for the current period. With respect to other financial liabilities, relevant trading costs shall be charged into the initial recognition amount.

① Financial liabilities measured at fair value with fair value changes charged into profit or loss of the current period

The criteria is the same for financial liabilities classified into tradable financial liabilities and designated, on initial recognition, as measured at fair value with fair value changes being charged into profit or loss of the current period, and financial assets classified as tradable financial assets and designated, on initial recognition, as measured at fair value with fair value changes being charged into profit or loss of the current period.

Fair value is used for subsequent measurement of financial liabilities measured at fair value with fair value changes charged into profit or loss of the current period. Gains or losses arising from changes in fair value and dividends and interests expenses related to such financial liabilities are charged into profit or loss for the current period.

② Other financial liabilities

Derivative financial liabilities linked to equity instruments with no quotation on the active market and whose fair value cannot be reliably measured, and which are settled through delivery of such equity instruments are subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from de-recognition or amortization are charged into profit or loss of the current period.

(6) De-recognition of financial liabilities

De-recognition of financial liabilities (or in part thereof) can only occur where the financial liabilities' present obligations have been wholly or partially discharged. The Company (as debtor) has signed an agreement with its creditors to novate existing financial liabilities by the assumption of new financial liabilities, and where the contractual terms of the new financial liabilities are substantially the same as that for the existing financial liabilities, the existing financial liabilities shall be de-recognized, and new financial liabilities shall at the same time be recognized.

Where financial liabilities are de-recognized in full or in part, the difference between the book value of the de-recognized part and the consideration paid (including the non-cash assets which are transferred out, or new financial liabilities that are borne) shall be charged into profit or loss of the current period.

8. Accounts receivables

Accounts receivables include accounts receivables, other receivables, etc.

(1) Criteria for the recognition of provision for bad debt

The Company checks the carrying value of accounts receivables on the balance sheet date, and there is the below objective evidence indicating the occurrence of impairment, provision for impairment loss shall be provided: ① the debtor faces serious financial difficulties; ② the debtor is in breach of contractual terms (such as default or delay, etc., in the payment of interest or principal); ③ the debtor is likely to

collapse or undergo other financial restructuring; ④other objective basis indicating the impairment of accounts receivables.

(2) Method for the provision of bad debts

① Criteria for the recognition of, and method for the provision of, provision for bad debts for accounts receivables whose single amount is significant and which provision for bad debts are provided separately

The Company carried out impairment test separately for accounts receivables whose single amount is significant. For financial assets which have not undergone impairment by means of separate testing, they shall be included in a category of financial assets with similar credit risk characteristics for the purpose of carrying out of the impairment test. For accounts receivables whose impairment losses have been recognized on separate testing, they are no longer included in a category of accounts receivables with similar credit risk characteristics for the purpose of carrying out the impairment test.

②Basis for the determination of, and method for the provision of bad debts for, accounts receivables whose provision for bad debts are provided based on their credit risk category

A. Basis for determining the credit risk characteristics category

With respect to accounts receivables whereby the single amount is not significant, as well as those whose single amount is significant but impairment has not occurred upon separate testing, the Company categorizes financial assets based on the similarity and relevance of credit risk characteristics. These credit risks usually reflect the ability of the debtor to repay all amounts due in accordance with contractual terms of such assets, and relate to the estimate of future cash flow of the checked assets.

Basis for determining the different categories

Item	Basis for determining the category
Aging category	Aging of the closing balance of the accounts receivables
Related parties and reserve fund category	Payments to and from companies within the group, and intra-company payments

B. Method for making provision for bad debts determined based on credit risk characteristics category

On carrying out impairment test based on categories, the amount of provision for bad debts is evaluated and determined based on the structure of the accounts receivables category and similar credit risk characteristics (the ability of the debtor to repay amounts due according to contractual terms), using historical loss experience and current economic situation as well as losses expected to be already present in the accounts receivables category.

Method for making provision for bad debts for different categories:

Item	Method of provision
Aging category	Provided at a percentage of the aging of the closing balance of accounts

	receivable
Related parties and reserve fund category	Payments to and from companies within the group, and intra-company payments

Among the categories, the method of provision for categories adopting the aging analysis method to provide for provision for bad debts:

Aging	Provision ratio for accounts receivables (%)
With 1 year (including 1 year, same below)	0.00
1-2 years	15.00
2-3 years	20.00
3-4 years	20.00
4-5 years	20.00
Above 5 years	20.00

③ Accounts receivables with insignificant single amounts but whose provision for bad debt is provided for separately:

The Company carries out impairment test separately for accounts receivables whose single amount is not significant but having the following characteristics. Where there is objective evidence indicating that impairment has occurred, impairment loss is recognized and provision for bad debts is provided based on the amount by which the present value of its future cash flow is lower than its book value. Characteristics of non-material accounts receivables giving rise to separate impairment test include: accounts receivables that are under dispute with the other party, or otherwise subject to litigation or arbitration (if any); accounts receivables with obvious signs indicating that the debtor is likely to be unable to fulfill their obligation to repay, etc.

(3) Reversal of provision for bad debts

If there is objective evidence to show that the value of such accounts receivables is recovered, and it objectively relates to matters occurring after the recognition of such loss, the impairment loss originally recognized shall be reversed, and charged into profit or loss for the current period. However, the book value after such reversal shall not exceed the amortized cost of such accounts receivables on the reversal date, assuming no provision for bad debts is provided.

9. Inventories

(1) Classification of inventories

Inventories mainly include raw materials, goods in process, self-made semi-finished goods, and goods on hand.

(2) Method of pricing for the acquiring and delivery of inventories

Inventory is priced according to the actual cost. Inventory costs include purchase costs, processing costs and other costs. Upon collection and delivery, they are priced using the weighted average method.

(3) Recognition of the net realizable value of inventories and method for making of the provision for decline in value

Net realizable value is the estimated selling price of inventories in the ordinary course of business, less the costs estimated to be incurred on completion, estimated selling price, and related taxes. In determining the net realizable present value of inventories, it shall be based on the conclusive evidence obtained, at the same time taking into account the purpose of holding the inventories, as well as the impact of post-balance sheet items.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is lower than the net realizable value, a provision for decline in value of inventories shall be made. Provision for decline in value of inventories is provided based on the amount by which the cost of a single inventory item is higher than its net realizable present value.

Where a provision for decline in value of inventories has been made, if the effect from the previous impairment in value of inventories has gone away, resulting in the net realizable present value of inventories being higher than its book value, then they shall be reversed from the amount of provision for decline in value of inventories already made, and the amount reversed shall be charged into profit or loss for the current period.

- (4) The perpetual stock-taking system is adopted as the stock-taking system for inventories.
- (5) Amortization methods of low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized using a one-off amortization method upon collection.

10. Long term equity investments

(1) Determination of investment cost

With respect to long-term equity investments arising from corporate consolidation, shall they be long-term equity investments obtained through corporate consolidation under common control, they shall be treated as initial investment costs on the consolidation date based on the proportion of the book value of shareholders' interests in the consolidated party that is acquired. For long-term equity investments acquired through corporate consolidation not under common control, corporate consolidation costs include the sum of assets supplied by the purchaser, liabilities borne or assumed, and the fair value of equity securities issued. Fees for intermediaries such as audit, legal and appraisal services and other related administrative expenses incurred by the purchaser for the purpose of corporate consolidation shall be charged into profit or loss for the current period when incurred. Transaction costs for equity securities or debt securities issued by the purchaser as consideration for the consolidation shall be charged into the initial recognition amount of equity securities or debt securities.

Other equity investments other than those arising from corporate consolidation are initially recorded at cost. Depending on the method of acquiring the long-term equity investment, such cost is recognized by methods such as the purchase price in cash actually paid-out by the Company, the fair value of the equity securities issued by the Company, the value agreed upon in the investment contract or agreement, the fair value or original book value for the exchange of non-monetary assets, the fair value of the long-term equity

investment itself, respectively. Costs, taxes and other necessary expenses directly related to the acquiring of long-term equity investments are also charged into investment costs.

(2) Method of subsequent measurement and recognition of profit or loss

The Company adopts the cost method for measuring long-term equity investments with no common control over or significant impact on the invested entity, with no quotation on the active market, and whose fair value cannot be reliably measured. The Company adopts the equity method for measuring for long-term equity investments with common control over or significant impact on the invested entity. For long-term equity investments with no control or common control over, or significant impact on the invested entity, and whose fair value can be reliably measured, they are accounted for as available-for-sale financial assets.

Also, the Company's financial statements use the cost method to measure long-term equity investments capable of exerting control over the invested entity.

① Long-term equity investments measured using the cost method

When using the cost method for measurement, long-term equity investments are measured using the initial investment cost. Apart from the price actually paid when acquiring the investment, or cash dividends or profits included in the consideration which have already been declared but have not yet been distributed, investment gains for the current period shall be recognized based on the cash dividends or profits declared for distribution by the invested entity which it is entitled to.

② Long-term equity investments measured using the equity method

When the Company employs the equity method for accounting for the long-term equity investment, if the initial investment cost of a long-term equity investment is more than the portion of the fair value of identifiable net assets of the invested entity entitled to at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted. If the initial investment cost of a long-term equity investment is less than the portion of the fair value of identifiable net assets of the invested entity entitled to at the time of investment, its difference shall be charged into the profit or loss for the current period. At the same time, the cost for long-term equity investment shall be adjusted.

When the Company employs the equity method for accounting for the long-term equity investment, investment gains or losses for the current period shall be portion of net gains or losses of the invested entity for the current year that should be entitled to or borne. In recognizing the portion of net gains or losses of the invested entity that is entitled to, the fair value of the various identifiable assets, etc., of the invested entity at the time of investment should be taken as the basis. Adjustments to the net profit of the invested entity shall be made in accordance with the accounting policies and accounting period of the Company, after which, it shall be recognized. For the unrealized internal transaction gains/losses that arise between the Company and its associated enterprises and joint venture companies, the portion attributable to the Company shall be calculated according to the shareholding proportion and set-off, and investment gains/losses shall be recognized on this basis. However, as for unrealized internal transaction losses incurred between the Company and the invested

entity, for those that are impairments losses of the transferred assets in accordance with Accounting Standards for Business Enterprises No. 8 – Asset Impairment, they shall not be set-off. With respect to other comprehensive income of the invested entity, the book value of the long-term equity investment shall be adjusted accordingly, recognized as other comprehensive income, and charged into capital reserve.

In recognizing the amount that should be borne for the net loss incurred by the invested entity, the extent of which shall be limited to the book value of long-term equity investments and other long-term equity substantially making up the net investment of the invested entity being written-down in value to zero. Moreover, if the Company bears the obligation to assume additional losses for the invested entity, expected liabilities are recognized based on the obligations expected to be borne, which shall be charged into investment losses for the current period. Where the invested entity achieves a net profit in subsequent periods, the Company shall resume the recognition of the income apportionment amount, after it has used the income apportionment amount to cover any unrecognized loss apportionment amount.

③ Acquisition of minority interests

In preparing the consolidated financial statements, the difference between the newly-added long-term equity investments as a result of the purchase of minority interests, and the portion of net assets in the subsidiary entitled to according to the new shareholding proportion (calculated continuously from the purchase date (or consolidation date)) shall be adjusted in capital reserve. Where the capital reserve is insufficient to offset, retained earning shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, when a parent company partially disposes of long-term equity investments in a subsidiary (in the premise of not losing control), the difference between the price of disposal, and the net assets in the subsidiary corresponding to the disposal of long-term equity investment which the parent company is entitled to, shall be charged into owners' equity. Where the parent company loses control over its subsidiary as a result of the partial disposal of long-term equity investments in its subsidiary, they shall be treated in the manner as stated in item 4(2) (*method for preparing the consolidated financial statements*) of this Note IV.

For disposal of long-term equity investments under other circumstances, with respect to the equity interests disposed of, the difference between its book value and the price actually obtained shall be charged into profit or loss. For long-term equity investments measured by employing the equity method, upon disposal, the portion of other comprehensive income originally charged into shareholders' equity shall be transferred to profit or loss for the current period according to the relevant proportion. With respect to the remaining shareholding, they shall be recognized as long-term equity investment or other related financial assets based on its book value, and subsequent measurement shall be made using the aforementioned accounting policies for long-term equity investments or financial assets. Where it involves using the equity method instead of the cost method for measuring the remaining shareholding, they shall be adjusted retrospectively based on relevant regulations.

- (3) Basis of determining common control over, and having significant impact in, an invested entity

Control refers to the power to decide on an enterprise's financial and operating policies, and can accordingly obtain benefits from the operating activities of the enterprise. Common control refers to the control commonly possessed in accordance with a contract with respect to a certain economic activity, which only exists when the investing parties unanimously agree on the sharing of control over the relevant important financial and operating decisions related to such economic activity. Significant impact refers to the power to participate in the decision-making of the financial and operating policies of an enterprise, but with no ability to control, or jointly control with others the formulation of such policies. In determining whether it is able to exercise control or impose significant impact on an invested entity, potential factors concerning voting rights such as current convertible bonds of the invested entity, current enforceable warrants, etc., held by the investing entity and others have been taken into account.

- (4) Method of carrying out the impairment test and making provision for impairment

The Company will check whether the long-term equity investments have signs of impairment on each balance sheet date. If the asset shows signs of impairment, then its recoverable amount shall be estimated. If the recoverable amount of the assets is lower than its book value, provision for asset impairment shall be made based on the difference, and charged into profit or loss for the current period.

Once impairment loss for long-term equity investments is recognized, they will not be reversed in subsequent accounting periods.

11. Fixed assets

- (1) Basis of recognition of fixed assets

The Company's fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting out or operations and management and whose useful life is in excess of one accounting year.

- (2) Method of depreciation of the various fixed assets

Fixed assets are initially measured at cost taking into account the impact of expected discard expenses. Depreciation is provided for fixed assets from the month following its reaching of its intended usable condition, using the straight-line method throughout its useful life. Estimated net residual value refers to the amount that can be obtained by the Company currently from disposal of that asset, after deducting estimated disposal expenses, assuming that the fixed asset has attained its full useful life, and is at the estimated condition when its useful life comes to an end.

- (3) Method of carrying out the impairment test and making provision for impairment for fixed assets

Please see item 15 of Note IV ("Impairment of non-current and non-financial assets") for the method of carrying out the impairment test and making provision for impairment for fixed assets.

(4) Basis of recognition of and pricing method for financial lease fixed assets

A finance lease is a lease that substantially transfers all risks and rewards relating to the title of an asset. The title of which may or may not eventually be transferred. Depreciation for leased assets is provided for fixed assets leased by financial leasing using a policy consistent with that for proprietary fixed assets. For those leased assets which can be reasonably certain to be able to obtain its title upon expiry of the lease period, depreciation is provided within its useful life. For those which cannot be reasonably certain to be able to obtain its title upon expiry of the lease period, depreciation is provided for within the shorter of the lease period and the useful life of the leased asset.

(5) Others

For subsequent expenditures related to fixed assets, if economic benefits related to the fixed assets is likely to flow in and its costs can be reliably measured, they shall be charged into the cost of the fixed assets, and the replace portion's book value shall be de-recognized. For other subsequent expenditures, they shall be charged into profit or loss for the current period when incurred.

The disposal income arising from the sale, transfer, scrap or damage of fixed assets shall be charged into profit or loss for the current period, after deducting its book value and related taxes.

The Company checks the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Shall there be changes, they shall be treated as changes in accounting estimates.

12. Construction in progress

Construction in progress is measured at actual project costs. The actual project costs include the various construction expenditures during the construction period, borrowing costs capitalized before it has reached its intended usage condition and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to fixed assets when it has reached its intended usage condition.

Please Impairment test method of projects under construction and impairment of the depreciation method see 15 of Note IV ("Impairment of non-current and non-financial assets") for the method of carrying out the impairment test and making provision for impairment for construction in progress.

13. Intangible assets

(1) Intangible assets

An intangible asset refers to an identifiable non-monetary asset without physical form owned or controlled by the Group.

Intangible assets are initially measured at cost. For expenditures related to intangible assets, if the relevant economic benefits are likely to flow in and the cost can be measured reliably, they shall be charged into the cost of intangible assets. For other items of expenditure, they shall be charged into profit or loss for the current period when incurred.

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of plants and other buildings, the relevant land use right expenses and construction costs shall be accounted for as intangible assets and fixed assets respectively. Shall they be houses and buildings purchased outside, the price of which shall be allocated among land use rights and the buildings. For those which are difficult to reasonably allocate, they shall all be treated as fixed assets.

With regard to intangible assets with a limited service life, the amount obtained by subtracting estimated net residual value and cumulative amount of impairment loss provided for from its original value shall be amortized using the straight-line method/production method of depreciation. For intangible assets with an uncertain useful life, they shall not be amortized.

At the end of each period, the useful life and amortization method of intangible assets with a limited useful life shall be checked. Shall there be changes, they shall be treated as changes in accounting estimates. Moreover, the useful life of intangible assets with an uncertain useful life shall be checked. Shall there be evidence indicating that the period by which such intangible assets bring economic benefits to the enterprise is foreseeable, its useful life shall be estimated, and shall be amortized based on the amortization policies for intangible assets with a limited useful life.

(2) Research and Development Expenditures

Expenses for the Company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

For research phase expenditures, they are charged into profit or loss for the current period when incurred.

For development phase expenditures, where they satisfy the below conditions at the same time, they shall be recognized as intangible assets. For those development phase expenditures that cannot satisfy the below conditions, they shall be charged into profit or loss for the current period:

- ① There is technical feasibility in completing the intangible asset so that it will be available for use or sale;
- ② There is intention to complete the intangible asset and use or sell it;
- ③ How the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the products produced by the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset can be proved;
- ④ There is adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell it;
- ⑤ The expenditure attributable to the development stage of the intangible asset can be reliably measured.

Where it is impossible to distinguish between research stage expenditure and development stage expenditure, the research expenses incurred shall all be charged into profit or loss for the current period.

(3) Method of carrying out the impairment test and making provision for impairment for intangible assets

Please see item 15 of Note IV ("Impairment of non-current and non-financial assets") for the method of carrying out the impairment test and making provision for impairment for intangible assets.

14. Long-term deferred expenses

Long-term deferred expenses refer to the various expenses which have already been incurred but which have an apportionment period of more than one year, and shall be borne by the reporting period and the various subsequent periods. Long-term deferred expenses are amortized during the estimated period of benefit using the straight-line method.

15. Impairment for non-current and non-financial assets

For non-current and non-financial assets such as fixed assets, construction in progress, and intangible assets with a limited service life, investment real estate measured using the cost model, and long-term equity investments in subsidiaries, joint ventures, and associated companies, the Company determines whether there are signs of impairment on the balance sheet date. If there are signs of impairment, its recoverable amount shall be estimated and impairment test shall be carried out. For goodwill, intangible assets with an uncertain service life and intangible assets not having reached their usable conditions, impairment test shall be carried out every year, regardless of whether there are signs of impairment.

Where impairment test results show that the recoverable amount of the asset is lower than its book value, provision for impairment shall be provided on the difference, which shall be charged into impairment loss. The recoverable amount shall be the higher of the net value obtained by subtracting disposal expenses from the fair value of assets, and the estimated future cash flow of the asset. The fair value of the asset shall be determined based on the price in the sales agreement in a fair trading. Where there is no sales agreement but there is an active market for the assets, the fair value shall be determined in accordance with the bid price of the asset. Where there is neither a sales agreement nor an active market for the assets, the fair value of the assets shall be estimated based on the best information available. Disposal expenses include legal expenses, relevant taxes, and relocation expenses related to the asset disposal, and direct costs incurred to enable the reach saleable conditions. With respect to the present value of estimated future cash flows of the asset, discount is carried out on the estimated future cash flows incurred during the course of the asset's continued usage and on ultimate disposal using an appropriately chosen discount rate, and the amount after discount shall be confirmed. Asset impairment provision is calculated and recognized using individual assets as a basis. Shall the recoverable amount of individual assets be difficult to be estimated, the recoverable amount of the asset category shall be determined based on the asset category to which the asset belongs to. An asset category is the smallest asset category capable of independently producing cash inflows.

For goodwill presented separately in the financial statements, when impairment test is conducted, the book value of goodwill shall be apportioned to the asset category or asset category portfolio that is expected to benefit from the synergies of the corporate combination. Where the recoverable amount of the asset category or asset category portfolio indicated by the test results to contain the apportioned goodwill is less than its book value, relevant impairment loss shall be recognized. The amount of the impairment loss shall first be used to offset the book value of goodwill that has been

apportioned to that asset category or asset category portfolio. After that, the book value of the various other assets shall be offset pro rata, based on the weighting of the book value of the other various assets (except goodwill) in the asset category or asset category portfolio.

Once impairment loss is recognized, the portion to which the value is recovered shall not be reversed in subsequent periods.

16. Revenues

(1) Revenue from the sale of goods

Income from the sale of goods shall be recognized when the major risks and rewards over the title of the goods have been transferred to the buyer, and neither is the continued management power usually related to the title retained, nor is effective control over goods sold exerted. It is also when the amount of income can be reliably measured, the relevant economic benefits is likely to flow into the enterprise, and the related costs incurred or to be incurred can be reliably measured.

(2) Revenues from rendering labour services

Where the output from the rendering of labour services can be reliably estimated, income from the rendering of labour services shall be recognized on the balance sheet date based on the percentage of work completed. The completion progress of labour services shall be determined based on the proportion of the cost of labour incurred in the estimated total costs.

The ability to reliably estimate the outcome from the provision of labour services refers to the satisfaction of the below at the same time:

① the amount of revenues can be measured reliably; ② the relevant economic benefits are likely to flow into the enterprise; ③ the completion progress of the transaction can be reliably determined; ④ the cost of transaction incurred and to be incurred can be measured reliably.

Where the Company cannot, on the balance sheet date, reliably estimate the outcome of a transaction concerning the labour services, the income from the rendering of labour services shall be recognized based on the labour costs incurred and expected to be able to be compensated, and labour costs incurred shall be treated as expenses for the current period. If labour costs incurred is expected to be unable to compensated, they shall not be recognized.

The contract or agreement entered into between the Company and other enterprises stipulate amongst others, that in selling goods and providing labour services, where the part concerning the sale of goods and the portion concerning the provision of labour services can be distinguished and separately measured, the part concerning the sale of goods and the part concerning the provision of labour services shall be treated separately. If the part concerning the sale of goods cannot be distinguished from the part concerning the provision of labour services, or although they can be distinguished, they cannot be measured separately, the contract shall be treated entirely as a sale of goods.

17. Government subsidies

A government subsidy means the obtaining of monetary and non-monetary assets free-of-charge by the Company from the government, but excludes capital invested by the government as the owner. Government subsidies consist of government subsidies pertinent to assets and government subsidies pertinent to income. Where the government subsidies are in the form of monetary assets, they shall be measured at the amount received or receivable. Where the government subsidies are in the form of non-monetary assets, they shall be measured at the fair value. Where the fair value cannot be obtained in a reliable way, they shall be measured at their nominal value. For government subsidies measured at nominal value, they shall be directly charged in the profit or loss for the current period.

Government subsidies pertinent to assets shall be recognized as deferred income and shall be equally apportioned within the useful life of the relevant assets, and charged into profit or loss for the period. Where the government subsidies pertinent to income are used for compensate for the related expenses or losses incurred in subsequent periods, they shall be recognized as deferred income, and be charged into profit or loss for the current period in the period of recognition of the related expenses. For those used to compensate for the related expenses and losses incurred, they shall be charged into profit or loss for the current period directly.

Where it is necessary to refund any government subsidies recognized, if there is a deferred income balance, they shall be used to offset the book balance of the related deferred income, with the but the excess amount to be charge into profit or loss for the current period. Where there is no deferred income, they shall be charged into profit or loss for the current period directly.

18. Deferred income tax assets/deferred income tax liability

(1) The current income tax

At the balance sheet date, with respect to current income tax liabilities (or income tax assets) arising for the current and previous periods, they shall be measured at the expected amount of income tax payable (or refundable) in accordance with the tax law. The amount of taxable income on which the calculation of the current income tax expenses is obtained after making adjustments to profits before tax for the year based on the relevant tax laws.

(2) Deferred income tax assets and deferred income tax liabilities

For differences between the book value of certain assets or liabilities and their tax bases, and the temporary difference between the book value of those items that are not yet recognized as assets or liabilities but whose tax base can be determined based on tax laws and their tax base, deferred income tax assets and deferred income tax liabilities are recognized using the balance sheet liability method.

For temporary differences in tax payables relating to the initial recognition of goodwill, and relating to the initial recognition of assets or liabilities incurred in transactions other than corporate consolidation (and which do not affect profits and taxable income when incurred), no deferred income tax liabilities shall be recognized. Moreover, temporary differences in tax payables relating to investment in subsidiaries, associated companies and joint venture companies, if the Company is able to control the time of the reversal of the temporary differences, and such temporary differences are not likely to be reversed in the foreseeable future, then no deferred income tax liabilities shall be recognized. Save for to the above exceptions, the Company recognizes deferred income tax liabilities arising from all other temporary differences for tax payables.

For deductible temporary differences relating to the initial recognition of assets or liabilities incurred in transactions other than corporate consolidation (and which do not affect profits and taxable income (or deductible losses) when incurred), no deferred income tax assets shall be recognized. Moreover, deductible temporary difference relating to investments in subsidiaries, associated companies and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if the taxable income used for the deduction of the deductible temporary differences are not likely to be available in the future, no deferred income tax assets shall be recognized. Save for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences, subject to the amount of taxable income which is likely available to the Company for the deduction of deductible temporary differences.

For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized, subject to the future amount of taxable income which is likely available for the deduction of deductible losses and tax credits.

On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, based on tax laws, they shall be measured using the applicable tax rate for the period expected to be able to recover the relevant assets or settle the relevant liabilities.

The Company shall re-examine the book value of deferred income tax assets on each balance sheet day. If it is unlikely to be able to obtain sufficient amount of income tax payable in the future for the deduction of the gains from deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is likely to be able to obtain sufficient amount of income tax payable, then such written-down amount shall be subsequently reversed.

(3) Income tax expense

Income tax expenses include current income tax and deferred income tax.

Apart from current income tax and deferred income tax relating to transactions and events being recognized as other comprehensive income or directly charged into owner's equity, which are charged into other comprehensive income or owner's equity, and the deferred income tax arising from business combination, which is used to adjust the book value of goodwill, the remaining current income tax and deferred income tax expenses or gains are charged into profit or loss for the current period.

(4) Offset of income tax

When there is a statutory right to settle in the net value, and there is an intention to settle in the net value, or carry out asset acquisition and the payment of liabilities at the same time, then the Company's income tax asset and income tax liability for the current period shall be presented in the net value after offset.

When there is a statutory obligation to settle current income tax assets and current income tax liabilities in net value, and the deferred income tax assets and deferred income tax liabilities relate to income tax collected by the same tax collection authority on the same tax payment entity or different tax payment entities, but in each subsequent period with reversal of material deferred income tax assets and deferred income tax liabilities, the tax payment entity involved

intends to settle current income tax assets and current income tax liabilities in net value, or to acquire assets and pay liabilities at the same time, the Company's deferred income tax assets and deferred income tax liabilities shall be presented in the net value after offset.

19. Lease

Finance leases are where all risks and rewards related to the title of the asset are substantially transferred, but the title of which may or may not be ultimately transferred. All other leases are classified as operating leases.

(1) The Company records operating lease business as lessee

Rental expenses for the operating lease are charged on a straight-line basis into the cost of the relevant asset or profit or loss for the current period in each period within the lease period. Initial direct costs are charged into profit or loss for the current period. Contingent rents are charged into profit or loss for the current period in which they are actually incurred.

(2) The Company records operating lease business as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis for each period during the lease period. Large initial direct costs are capitalized when incurred, and are charged into profit or loss on the same basis as the recognition of rental income over the entire term of the lease in phases. For other small initial direct costs, they are charged into profit or loss in the period in which they are incurred. Contingent rents are charged into profit or loss in the period in which they actually arise.

(3) The Company records finance lease business as lessee

On the date of commencement of the lease, the lower of the fair value of the leased asset on the lease commencement date and the preset value of the minimum lease payments is treated as the book value of the leased asset. The minimum lease payment amount is treated as the book value of long-term payables. The difference between the two is treated as unrecognized finance costs. In addition, initial direct costs attributable to lease items incurred during the course of the lease negotiations and the signing of the lease contract are also charged into the value of the leased asset. The balance after subtracting unrecognized finance costs from minimum lease payments are presented in long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized finance costs are calculated in the lease period using the effective interest rate method and recognized as current finance costs. Contingent rent is charged into profit or loss in the period in which they are actually incurred.

(4) The Company records finance leasing business as lessor

On the date of commencement of the lease, the sum of the minimum lease receipts and initial direct costs are treated as the book value of finance lease payments receivables, and the remaining unsecured amount shall be recorded. The difference between the sum of the minimum lease receipts, initial direct costs and remaining unsecured amount and their present value is recognized as unrealized finance income. The balance after subtracting unrealized finance income from finance lease payments receivable is presented in long-term loans and long-term loans due within one year respectively.

Unrealized finance gains are calculated in the lease period using the effective interest rate method and recognized as current finance gains. Contingent rent is charged into profit or loss in the period in which they are actually incurred.

20. Employees' wages and salaries

In the accounting period in which the employees provide their services, the Company recognizes the remuneration payable to employees as liabilities.

The Company participates in the social security system for employees established by government agencies, including basic pension insurance, medical insurance, housing provident fund and other social security systems, and the corresponding expenses shall be included in the relevant asset costs or profit or loss in the period in which they are incurred.

With respect to the termination of employment relationship with employees prior to the expiry of their employment contract, or proposals to give out compensation in order to encourage employees to voluntarily accept redundancy, if the Company has formulated formal plans to terminate employment relationship or proposed voluntary redundancy proposals and are about to implement them, and where the Company cannot unilaterally withdraw the plan to terminate the employment relationship or redundancy proposal, the anticipated liabilities to be incurred as a result of giving out compensations for the termination of employment relationship with employees shall be recognized, and charged into profit or loss for the current period.

Internal retirement plans for employees are treated using the same principle as the above termination benefits. If criteria for the recognition of anticipated liabilities are met, the Company shall charge the salaries of internal retirement employees and social security payments, etc., intended to be paid from the date which the employees cease to provide services, to the normal retirement date of the employees, into profit or loss for the current period (termination benefits).

21. Changes in major accounting policies and accounting estimates

(1) Changes in accounting policies

The Company did not make any changes to accounting policies during 2015.

(2) Change in important accounting estimates

The Company did not make any changes to accounting estimates during 2015.

V. Taxes

1. Main tax categories and tax rates

Tax category	Specific tax rate
Added-value tax	Output tax is charged at 17% of taxable income. Value-added tax shall be charged on the difference after deducting the input tax permitted to be deducted for the current period.
Business tax	The business tax shall be paid at 3% -5% of the taxable turnover

Urban construction & maintenance tax	Calculated and paid at 5% - 7% of the actual turnover tax paid
Educational surcharges	Calculated and paid at 5% of the actual turnover tax paid
Enterprise income tax	The Company shall pay at 25% of the taxable income, and the subsidiary shall pay at 25% of the taxable amount

2. Tax concessions and approvals

None

VI. Business combination and consolidated financial statements

Subsidiary's details

Unit: CNY 10,000

Full name of subsidiary	Type of subsidiary	Place of registration	Business nature	Registered Capital	Business scope	Type of enterprise	Corporate representative	Organization code	Actual capital contribution at the end of the year	Balance of other items substantially constituting net investment in the subsidiary
Wanda Group Co., Ltd	Holding	Shengtu Town, Kenli County	Production and sale of electrical materials, chemical products, and tyres, production, processing and sale of building materials; processing of mechanical equipment	10468	Production and sale of electrical materials, chemical products (excluding flammable and explosive dangerous goods), and tyres; production, processing and sale of building materials; processing of mechanical equipment	Stockholding system	Jianli Shang	16488138-5	4,935,249	NONE

Shandong Wanda Jianan Co., Ltd	Holding	Shengtuo Town, Kenli County, Dongying	Building/ Installation	8,000.00	Business scope is: the industrial and civil construction, pipelines, equipment, electrical installation, municipal engineering, cement prefabricated products processing, decoration and renovation, advertising business, aluminum-plastic doors and windows, road traffic signs production, light steel structure production and installation, intelligent information system services, road engineering (carried out with qualification certificate), earthworks, concrete production and sales, water conservancy, hydropower, construction of fire facilities works	Stockholding system	Jigang Shang	70636465-8	6,000.00	NONE
Shandong Wanda Real Estate Co., Ltd	Holding	Building No 67 Fuqian Street, Dongying Development Area	Development and operation of real estate and its supporting facilities , leasing of housing	11,500.00	Development and operation of real estate and its supporting facilities , leasing of housing	Limited liability company	Xingjun Gao	73262616-4	11,500.00	NONE
Hongtai Energy (Singapore) Co., Ltd.	Holding	1 Asia Plaza, Singapore	General wholesale trading	5,650.00	General wholesale trading	Private limited company	Kai Shang		5,650.00	NONE

Qingdao Shengtaife International Trade Co., Ltd	Holding	Qingdao Bonded Zone	Trade, information consultancy	5,000.00	International trade, entrepot trade, trade and trading between enterprises within the zone and processing in connection with the trading; self-operation and agency of the import and export of all kinds of goods and technologies; general economic information consultancy, business information consultancy, convention and exhibition information consultancy, tourism information consultancy, culture, information consultancy, real estate information and investment advisory	Limited liability company	Kai Shang	56115798-0	5,000.00	NONE
Shandong Baogang International Liquid Chemicals Co., Ltd	Holding	Dongying Port Economic Development Zone	Port operation, wharf investment	15,000.00	Port operation, wharf investment, self-operation and agency of the import and export of all kinds of goods and technologies	Other limited liability company	Zhenyong Yan	56903112-7	11,100.00	NONE
Shandong Xingda New	Holding	West side of Minfeng Road,	Development of new energy	40,000.00	The development of new energy technologies: sale of coal, coal cinder, coal ash, gypsum	Limited liability company	Yinhua Ba	08717074-9	40,000.00	NONE

Energy Co., Ltd	Kenli County	technologies							
Qingdao Niuchuang Industries Co., Ltd.	Qingdao Bonded Zone	Trading, technologies development technologies consultancy, agency	2,000.00	International trade, entrepot trade, trade and trading between enterprises within the zone and processing in connection with trading; self-operation and agency of the import and export of all kinds of goods and technologies; technological development, technological advisory and technological services for chemical products, tyres, and cables; real estate development; foreign investment with proprietary funds; international freight forwarding, international ship agency; construction of construction projects, sub-contracting of construction works	Limited liability company	Wang Chaowen	39529290-8	2,000.00	
Shanghai Xiangda Equity Investment	No. 2123, Pudong Avenue, Pilot Free	Equity investment management, investment	10,000.00	Equity investment management, investment management, asset management, industrial investment, venture	Limited liability company	Detao Ba	34199219-1	10,000.00	NONE

Fund Management Co., Ltd.	Trade Zone, Shanghai	management, asset management, industrial investment, venture capital investment, etc.		capital investment, etc.					
Shanghai Xiangda Commercial Factoring Co., Ltd.	No. 477 Fute West 1 Road, Pilot Free Trade Zone, Shanghai	Import and export factoring, domestic and offshore factoring, advisory business related to commercial factoring	2,800.00	Import and export factoring, domestic and offshore factoring, advisory business related to commercial factoring	Limited liability company	Detao Ba	33240692-0	2,800.00	NONE
Shanghai Xiangda Finance Leasing Co., Ltd.	Zhengding Road, Pilot Free Trade Zone, Shanghai	Financial lease business	100,000.00	Financial lease business	Limited liability company	Yuxiang Zhang		100,000.00	NONE

Dongying City	No. 99 Gangchen g Road, Dongying Port	Engages in various small loan lending-out businesses in Shandong; advisory business such as small enterprise development and finance management	40,000.00	Engages in various small loan lending-out businesses in Shandong; advisory business such as small enterprise development and finance management	Limited liability company	Jiyong Yan	25,100.00	NONE
Development Zone Yuanfeng Small Loan Co. Ltd.	Holding							

(Continued)

Full name of Subsidiary	Shareholding ratio (%)	Percentage of voting rights (%)	Whether financial statements consolidated	Minority interests	The amount of minority interests used to offset the minority shareholders' gains or losses	The balance after offsetting the amount by which the loss for the year borne by minority shareholders of the subsidiary exceeds the portion of that subsidiary's owners' equity at the beginning of the year enjoyed by minority shareholders, using owners' equity of the parent company for the offset	Note
Wanda Group Co., Ltd	47.14	47.14	Yes				
Shandong Wanda Real Estate Co., Ltd	100	100	Yes				

Shandong Wanda Jianan Co., Ltd	75	75	Yes				
Hongtai Energy (Singapore) Co., Ltd	100	100	Yes				
Qingdao Shengtaifeng International Trade Co., Ltd	100	100	Yes				
Shandong Baogang International Liquid Chemicals Co., Ltd	74	74	Yes				
Shandong Xingda New Energy Co., Ltd	100	100	Yes				
Qingdao Niuchuang Industrial Co. Ltd.	100	100	Yes				
Shanghai Xiangda Equity Investment Fund Management Co., Ltd.	100	100	Yes				
Shanghai Xiangda Commercial Factoring Co., Ltd.	100	100	Yes				
Shanghai Xiangda Financial Leasing Co., Ltd.	100	100	Yes				
Dongying City Dongying Port Development Zone Yuanfeng Small Loans Co., Ltd.	62.75	62.75	Yes				

VII. Notes to consolidated financial statements

In the following note items (including notes to major items in the Company's financial statements), unless specially indicated, "beginning of the period" means January 1, 2015, "end of the period" means December 31, 2015, "previous year" means 2014, "current year" means 2015.

1. Monetary funds

Item	Amount at the end of the period			Amount at the beginning of the period		
	Foreign currency amount	Conversion rate	Renminbi	Foreign currency amount	Conversion rate	Renminbi
Cash on hand			1,217,134.49			1,390,336.15
- Renminbi			1,217,134.49			1,390,336.15
Bank deposits			4,267,231,407.91			3,271,538,776.94
- Renminbi			4,077,968,601.53			3,206,136,951.87
- USD	29,042,136.95	6.4776	188,124,162.16	6,700,756.65	6.12	41,001,930.19
- EUR	160,472.98	7.0952	1,138,587.87	3,272,686.17	7.46	24,399,838.95
- GBP	5.86	9.6160	56.35			55.93
- CAD						0
Other monetary funds						90,739,515.47
Total			4,268,448,542.40			3,363,668,628.56

2. Notes receivable

(1) Notes receivable by category:

Item	Amount at the end of the period	Amount at the beginning of the period
Bank's acceptance bill	1,983,801,493.55	1,728,026,818.68
Total	1,983,801,493.55	1,728,026,818.68

(2) Notes which have been endorsed to the other parties but not yet due at the end of the period (the biggest of the top five)

Drawer unit	Date of issue	Expiring date	Amount
Shandong Hengyi Model Co., Ltd	2015.12.15	2016.06.15	4,470,650.00
Tianjin Jutian Trade Co., Ltd	2015.10.14	2016.04.14	4,000,000.00
Beiqi Rongchuan Vehicle (Beijing) Co., Ltd	2015.09.11	2016.03.09	3,993,807.62
Shandong Huicheng Chemical Co.,Ltd	2015.08.14	2016.02.14	3,000,000.00
Qingdao Laolunsi Electric Project Co., Ltd	2015.08.20	2016.02.19	3,000,000.00
Total			18,464,457.62

3. Accounts receivables

(1) Accounts receivables by type

Type	Amount at the end of the period			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables whose single amount is significant and which provision for bad debt is provided for separately				
Accounts receivables whose provision for bad debt is provided by category	4,536,596,077.66	100	31,878,902.89	100
Aging category method				100
Related parties category				
Category sub-total	4,536,596,077.66	100	31,878,902.89	100
Accounts receivables whose single amount is not significant but provision for bad debts is provided for separately				
Total	4,536,596,077.66	100	31,878,902.89	100

(Continued)

Type	Amount at the end of the period			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables whose single amount is significant and which provision for bad debt is provided for separately				
Accounts receivables whose provision for bad debt is provided by category	3,693,721,224.27	100	19,764,624.93	100
Aging category method				
Related parties category				
Category sub-total	3,693,721,224.27	100	19,764,624.93	100
Accounts receivables whose single amount is not significant but provision for bad debts is provided for separately				
Total	3,693,721,224.27	100	19,764,624.93	100

(2) Accounts receivables presented based on aging

Items	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,311,250,389.96	95.70	3,565,868,711.37	97.06
1 to 2 years	136,289,081.43	3.03	99,136,395.89	2.70
2 to 3 years	52,762,069.82	1.17	7,448,689.58	0.20
Over 3 years	4,415,633.56	0.10	1,502,802.50	0.04

Total	4,504,717,174.77	100.00	3,673,956,599.34	100
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4. Other accounts receivables

(1) Other accounts receivables by type

Type	Amount at the end of the period	
	Book balance	
	Amount	Percentage (%)
Other accounts receivables whose single amount is significant and which provision for bad debt is provided for separately		
Other accounts receivables whose provision for bad debt is provided by category	266,152,832.77	100
Aging category method		
Related party and reserve fund category method		
Category sub-total	266,152,832.77	100
Other accounts receivables whose single amount is not significant but provision for bad debts is provided for separately		
Total	266,152,832.77	100

(Continued)

Type	Amount at the beginning of the period	
	Book balance	
	Amount	Percentage (%)
Other accounts receivables whose single amount is significant and which provision for bad debt is provided for separately		
Other accounts receivables whose provision for bad debt is provided by category	167,151,011.39	100
Aging category method		
Related party and reserve fund category method		
Category sub-total	167,151,011.39	100
Other accounts receivables whose single amount is not significant but provision for bad debts is provided for separately		
Total	167,151,011.39	100

(2) Other accounts receivables presented by aging

Items	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	259,206,083.13	97.39	163,001,782.96	97.52
1 to 2 years	4,495,651.45	1.69	3,104,736.23	1.86
2 to 3 years	2,269,514.19	0.85	1,013,920.49	0.61
Over 3 years	181,584.00	0.07	30,571.71	0.02
Total	266,152,832.77	100.00	167,151,011.39	100.00

(3) Other accounts receivables list

Name of entity	Relationship with the Company	Amount	Aging	Percentage of the total of other receivables (%)
Reserve fund (for advancement for business purposes)	Non-related	21,611,620.02	Within a year	8.12
Margin	Non-related	237,594,473.11	Within a year	89.27
Others	Non-related	6,946,749.64	Over 2 years	2.61
Total		266,152,832.77		100.00

5. Prepayment

The prepayments presented by aging

Aging	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,619,653,318.72	90.11	3,303,297,969.36	98.92
1 to 2 years	278,584,262.22	9.58	24,377,350.56	0.73
2 to 3 years	9,119,574.95	0.31	11,687,770.82	0.35
Total	2,907,357,155.89	100.00	3,339,363,090.74	100.00

List of top prepayment made

Name of entity	Book value at end of year	Aging
CNOOC Daxie Trade Co., Ltd	547,979,040.19	6 Months
Shandong Shida Technology Group Co., Ltd	241,636,000.00	6 Months
Dongying Yatong Shihua Co., Ltd	51,135,316.40	6 Months
Dongying Huidong Logistic Co., Ltd	49,218,178.18	6 Months
Qingdao Furuisi International Trade Co., Ltd	40,443,286.16	6 Months
Total	930,411,820.93	

6. Inventories

Item	Amount at the end of the period		
	Book balance	Provision for price fall	Carrying amount
Raw material	1,934,280,094.76	0	1,934,280,094.76
Goods in process and self-produced semi-finished goods	1,444,484,575.26	0	1,444,484,575.26
Goods on hand	1,355,452,854.51	0	1,355,452,854.51
Projects construction	422,026,086.54		422,026,086.54
Cost of development	637,776,369.70		637,776,369.70
Total	5,794,019,980.77		5,794,019,980.77

(Continued)

Item	Amount at the beginning of the period		
	Book balance	Provision for price fall	Carrying amount
Raw material	1,687,459,228.17		1,687,459,228.17
Goods in process and self-produced semi-finished goods	1,297,228,762.86		1,297,228,762.86
Goods on hand	856,170,924.30		856,170,924.30
Projects construction	436,719,868.05		436,719,868.05
Cost of development	532,615,414.96		532,615,414.96
Total	4,810,194,198.34		4,810,194,198.34

7. Financial assets available for sale

(1) Statue of financial assets available for sale

Item	Amount at the end of the period	Amount at the beginning of the period
Equity instrument available for sale	208,970,361.23	210,370,361.23
Among which: amount measured at cost	208,970,361.23	210,370,361.23
Total	208,970,361.23	210,370,361.23

(2) Available-for-sale financial assets measured at cost at the end of the period

Invested entity	Accounting Method	Investment cost	Amount at the beginning of the period	Changes	Amount at the end of the period
East China Petroleum Exchange Co., Ltd	Cost	1,500,000.00	1,500,000.00		1,500,000.00
Dongying Bank Co., Ltd	Cost	142,999,971.88	142,999,971.88		142,999,971.88
Lijin County Credit Cooperative Union	Cost	19,601,207.00	19,601,207.00		19,601,207.00
Kenli County Mingzu Small Loans Co., Ltd	Cost	5,000,000.00	5,000,000.00	-5,000,000.00	0.00
Kenli County Rural Credit Cooperatives	Cost	31,269,182.35	31,269,182.35		31,269,182.35
Kenli Le'an Rural Bank Co., Ltd	Cost	10,000,000.00	10,000,000.00		10,000,000.00
Anhui Dafu Decoration Co., Ltd.	Cost	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00
Total		210,370,361.23	210,370,361.23	-1,400,000.00	208,970,361.23

8. Long-term equity investments

(1) Long-term equity investment classification

Item	Amount at the end of the period	Amount at the beginning of the period
Other company's investment	425,706,099.30	228,406,099.30

Less: provision for impairment for long-term equity investment		
Total	425,706,099.30	228,406,099.30

(2) Long-term equity investment breakdown

Invested entity	Accounting Method	Amount at the beginning of the period	Change	Amount at the end of the period	Note
Shandong Huayou Wanda Chemist Co., Ltd	Cost	4,900,000.00		4,900,000.00	
Indonesia Wanda Zhenbao Cable Co., Ltd	Cost	10,924,099.30		10,924,099.30	
Dongying Port Development Zone Yuanfeng Small Loans Co., Ltd	Cost	197,300,000.00	-197,300,000.00	0.00	Due to changes in equity ratio, they are included in the scope of the consolidated financial statement this year
Shandong Keluer Chemist Co., Ltd	Cost	212,382,000.00		212,382,000.00	
Kenli Wanda Logistic Co., Ltd	Cost	200,000.00		200,000.00	
Total		425,706,099.30	-197,300,000.00	228,406,099.30	

(Continued)

Invested entity	Shareholding ratio in invested entity (%)	Voting rights in invested entity (%)	Explanation for difference in shareholding ratio and voting rights ratio in invested entity	Provision for impairment for this year	Cash bonuses for this year
Shandong Huayou Wanda Chemist Co., Ltd	49.00	49.00			
Indonesia Wanda Zhenbao Cable Co., Ltd	41.00	41.00			
Shandong Keluer Chemist Co., Ltd	45.00	45.00			
Kenli Wanda Logistic Co., Ltd	20.00	20.00			

9. Fixed Assets

Item	Amount at the beginning of the period	Increased amount in current year	Decreased amount in current year	Amount at the end of the period
Total of original carrying amount	14,503,884,586.11	1,540,536,129.63	134,922,958.67	15,909,497,757.07
Among which: houses and buildings	3,699,477,767.60	370,285,489.19	3,615,600.70	4,066,147,656.09
Dedicated equipment	9,849,830,680.44	1,062,576,225.19	7,961,899.13	10,904,445,006.50
General equipment	749,948,512.31	8,054,929.33	5,720,810.25	752,282,631.39
Other equipment	204,627,625.76	99,619,485.92	117,624,648.59	186,622,463.09
Total accumulated depreciation	3,073,722,601.75	772,769,509.92	10,788,017.00	3,835,704,094.67
Among which: Houses and buildings	710,009,426.17	133,027,273.70	355,451.46	842,681,248.41
Dedicated equipment	2,020,584,646.60	591,484,987.23	6,291,741.56	2,605,777,892.27
General equipment	85,970,405.36	27,178,767.78	3,379,540.53	109,769,632.61
Other equipment	257,158,123.62	21,078,481.21	761,283.45	277,475,321.38
Total of provision for impairment	128,000.00		128,000.00	0.00
Total carrying amount	11,430,033,984.36			12,073,793,662.40

Note:

1. Depreciation for the year was RMB 772,769,509.92.
2. Some houses and buildings have been mortgaged to the bank.

10. Construction in progress

Name of project	Amount	Source of capital
Thermal Cogeneration Project	1,556,066,503.24	Self-raised
Baogang Reservoir Area Project	803,515,412.94	Self-raised
Total	2,359,581,916.18	

11. Intangible assets

Item	Amount at the beginning of the period	Increased amount in current period	Decreased amount in current period	Amount at the end of the period
1. Total of original carrying amount	454,557,806.36	145,620,610.63	24,120,362.99	576,058,054.00
Land use rights	408,645,118.22	56,064,457.60	24,120,362.99	440,589,212.83
Technology transfer fee and others	45,912,688.14	89,556,153.03		135,468,841.17

2. Accumulated amortization	44,224,743.95	14,294,625.65		58,519,369.60
Land use rights	27,893,671.67	8,536,415.15		36,430,086.82
Technology transfer fee and others	16,331,072.28	5,758,210.50		22,089,282.78
3. Total provision for impairment				
4. Total carrying amount	410,333,062.41			517,538,684.40
Land use rights	380,751,446.55			404,159,126.01
Technology transfer fee and others	29,581,615.86			113,379,558.39

12. Long-term deferred expenses

Item	Amount at the beginning of the period	Increased amount in current year	Amortization for the current year	Other decreases	Amount at the end of the period
Housing maintenance fee and others	5,622,742.86	2,211,350.66	2,480,537.14	41,502.24	5,312,054.14
Total	5,622,742.86	2,211,350.66	2,480,537.14	41,502.24	5,312,054.14

13. Deferred income tax assets

Item	Amount at the end of the period		Amount at the beginning of the period	
	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses
Consolidated adjustment	28,900,234.90		12,806,140.18	
Total	28,900,234.90		12,806,140.18	0

14. Short-term borrowings

Type	Amount at the end of the period	Amount at the beginning of the period
Short-term borrowings	5,698,137,359.62	8,270,002,877.67
Total	5,698,137,359.62	8,270,002,877.67

Bank name	Carrying amount at the end of the period	Note
ICBC	687,000,000.00	
Agricultural Bank	484,800,000.00	
Bank of China	550,000,000.00	

CCB	1,065,800,000.00	
Dongying Bank	45,000,000.00	
Rural Commercial Bank	80,000,000.00	
CMB	50,000,000.00	
Shanghai Pudong Development Bank	411,003,943.18	
Bank of Communications	250,000,000.00	
Ping An Bank	650,000,000.00	
Bank of Beijing	150,000,000.00	
Dongying Hengfeng	55,000,000.00	
China Everbright Bank	100,000,000.00	
Hua Xia Bank	250,000,000.00	
Minsheng Bank	30,000,000.00	
Nanyang Commercial Bank	119,003,416.44	
Dongying CITIC	300,000,000.00	
Guangdong Development Bank	70,000,000.00	
Dongying Everbright Bank	40,000,000.00	
Deutsche Bank	183,530,000.00	
Bank of East Asia	25,000,000.00	
Ping An Trust	12,000,000.00	
China Development Bank	50,000,000.00	
Shandong Property Right Exchange Centre	40,000,000.00	
Total	5,698,137,359.62	

15. Notes payable

Item	Amount at the end of the period	Amount at the beginning of the period
Bank's acceptance bill	5,452,906,640.00	4,756,000,000.00
Trade acceptance bill	-	-
Total	5,452,906,640.00	4,756,000,000.00

Bank name	Carrying amount at the end of the period	Note
Bank of China	570,000,000.00	
CCB	320,000,000.00	
Rural Commercial Bank	20,000,000.00	
CMB	369,990,640.00	
Shanghai Pudong Development Bank	535,916,000.00	
Industrial Bank	50,000,000.00	
Bank of Communications	100,000,000.00	
Ping An Bank	500,000,000.00	

Bank of Beijing	150,000,000.00	
Dongying Hengfeng	245,000,000.00	
China Everbright Bank	300,000,000.00	
Bohai Bank	450,000,000.00	
Hua Xia Bank	61,000,000.00	
Weihai Commercial Bank	200,000,000.00	
Minsheng Bank	490,000,000.00	
Hana Bank	90,000,000.00	
Nanyang Commercial Bank	145,000,000.00	
Dongying CITIC	200,000,000.00	
Guangdong Development Bank	170,000,000.00	
China Everbright Bank	175,000,000.00	
ICBC	210,000,000.00	
Bank of East Asia	25,000,000.00	
Agricultural Bank of China	76,000,000.00	
Total	5,452,906,640.00	

16. Accounts payable

(1) Breakdown of accounts payable

Aging	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	1,025,462,431.70	1,259,329,046.63
1 to 2 years	72,686,946.81	67,967,590.07
2 to 3 years	55,872,203.17	1,463,098.81
Over 3 years	2,791,523.45	1,330,089.83
Total	1,156,813,105.13	1,330,089,825.34

(2) List of major accounts payable

Name of creditors	Amount	Reasons for being outstanding
Shandong Hongxu Chemical Co. Ltd.	45,165,042.14	Contract unfinished
Shandong Yikun Chemical Engineering Co. Ltd.	37,714,105.53	Contract unfinished
Shandong Junsheng Chemical Engineering Co. Ltd.	20,675,652.40	Contract unfinished
Shandong Shengli Mingzhu Group Ltd.	20,428,600.30	Contract unfinished
Wang Xiaojiang	19,126,176.44	Contract unfinished
Dongying Jizhong Hengxin Oil Chemical Engineering Ltd.	14,831,883.94	Contract unfinished
Jiangnan Valve Ltd.	13,387,386.43	Contract unfinished
Huanghua City Xinnuo Lixing Fine Chemical Engineering Co. Ltd.	11,989,761.29	Contract unfinished
Kenli County Kenli Street Xingbang Steel Operation Office	11,159,878.40	Contract unfinished
Zhangjiagang Chemical Engineering Machinery Co. Ltd.	6,100,500.00	Contract unfinished
Total	200,578,986.87	

17. Receipts in advance

(1) Breakdown of receipts in advance

Aging	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	152,799,234.67	69,320,974.98
1 to 2 years	540,648.90	5,772,673.36
2 to 3 years	0.00	0.00
Total	153,339,883.57	75,093,648.34

(2) List of major receipts in advance

Name of creditors	Amount	Reasons for not carrying over
Shandong Zhongxiang High Polymer Material Ltd.	1,686,225.16	Unfinished
Shandong Zhonglian Oil Chemical Ltd.	15,726,817.82	Unfinished
CNOOC Sales Jiangsu Ltd.	9,863,727.89	Unfinished
PetroChina Hubei Sales Branch	7,807,129.64	Unfinished
Dongying Haoqing Oil Chemical Engineering Ltd.	7,071,027.60	Unfinished
Alkhorayef Petroleum Co. Ltd.	1,319,274.19	Unfinished
Shang Fanpeng	5,025,153.60	Unfinished
Southern Procurement Service Inc.	860,012.38	Unfinished
Lenn International Pte Ltd.	1,511,710.08	Unfinished
Shandong Electric Power Construction Group Saudia	180,727.99	
Total	51,051,806.35	

18. Payroll Payable

Item	Balance at the end of the period	Balance at the beginning of the period
Payroll payable	46,321,305.15	52,562,111.63
Total	46,321,305.15	52,562,111.63

19. Tax Payable

Item	Balance at the end of the period	Balance at the beginning of the period
Tax Payable	-192,601,053.92	-88,762,899.52
Total	-192,601,053.92	-88,762,899.52

20. Other payables

(1) Breakdown of other payables

Item	Balance at the end of the period	Balance at the beginning of the period
Other Payables	117,767,568.16	94,289,218.08
Total	117,767,568.16	94,289,218.08

(2) Breakdown of other large payables with aging of more than one year

Name of creditors	Amount	Reasons for being outstanding
Dongying Xiangda Construction Engineering Ltd.	7,999,790.00	Contract unfinished
Dengpeng (Shanghai) Environmental Protection Technology Ltd.	600,000.00	Contract unfinished
Dongying Dechangyuan Logistics Ltd.	200,000.00	Contract unfinished
Zibo Luqing Panxiang Logistics Ltd.	200,000.00	Contract unfinished
Qingdao Economic Technology Development Zone Changhong Transportation Ltd.	200,000.00	Contract unfinished
Dongying Yuntong Logistics Ltd.	700,000.00	Contract unfinished
Total	9,399,790.00	

21. Non-current liabilities due within 1 year

Item	Balance at the end of the period	Balance at the beginning of the period
Long-term borrowing due within 1 year	50,000,000.00	398,488,627.43
Total	50,000,000.00	398,488,627.43

22. Other non-current liabilities

Item	Balance at the end of the period	Balance at the beginning of the period
Accrued expenses	10,916,354.61	3,467,709.93
Others	23,793,628.09	5,901,783.10
Short-term financing bill	1,700,000,000.00	
Total	1,734,709,982.70	9,369,493.03

23. Long-term borrowings

Type	Balance at the end of the period	Balance at the beginning of the period
Financial institution borrowing	3,827,482,777.76	3,733,649,034.89
Total	3,827,482,777.76	3,733,649,034.89

24. Bonds payables

Type	Balance at the end of the period	Balance at the beginning of the period
Corporate bonds	3,600,000,000.00	0.00
Total	3,600,000,000.00	0.00

25. Special payables

Type	Balance at the end of the period	Balance at the beginning
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		of the period
Special payables	0.00	3,626,034.00
Total	0.00	3,626,034.00

26. Paid-in capital

Name of Investor	Balance at the beginning of the period		Increase	Decrease	Balance at the end of the period	
	Investment amount	Percentage (%)			Investment amount	Percentage (%)
Individual shares	53,510,000.00	100			53,510,000.00	100
Total	53,510,000.00	100			53,510,000.00	100

27. Capital reserve

Item	Balance at the beginning of the period	Increase	Decrease	Balance at the end of the period
Capital reserve	307,561,446.92	267,765,339.25		575,326,786.17
Total	307,561,446.92	267,765,339.25		575,326,786.17

28. Surplus reserve

Item	Balance at the beginning of the period	Increase	Decrease	Balance at the end of the period
Statutory surplus reserve	390,348,995.40	118,917,278.47		509,266,273.87
Other surplus reserve				
Total	390,348,995.40	118,917,278.47		509,266,273.87

29. Undistributed Profit

(1) Undistributed Profit

Item	Balance at the current year	Balance at the previous year
Undistributed Profit	6,882,078,319.78	5,546,248,482.80
Total	6,882,078,319.78	5,546,248,482.80

30. Operating revenue, operating cost

(1) Operating revenue, operating cost

Item	Amount incurred this year	Amount incurred last year
Operating revenue	39,051,310,308.56	36,543,388,725.26
Operating cost	34,566,203,596.09	32,402,495,526.34

(2) Operating revenue

Item	2015	2014
Chemical engineering revenue	4,518,078,673.47	4,833,741,331.66
Cable revenue	4,548,523,826.87	4,624,038,169.80
Micro-electronics revenue	449,790,717.76	484,094,184.51
Tyre revenue	7,452,093,896.31	8,739,900,302.23
Electronics, equipment, product revenue	946,828,497.16	977,864,663.23
Carbon black revenue	835,323,906.24	1,009,304,671.75
Tianhong Company revenue	15,007,979,172.62	12,897,291,816.50
Real estate revenue	706,511,738.23	851,094,817.92
Labor service revenue	518,010,935.32	301,922,479.42
Other business revenue	12,010,389,321.97	5,174,470,056.57
Offset through consolidation	-7,942,220,377.39	-3,350,333,768.33
Total	39,051,310,308.56	36,543,388,725.26

Note: The Consolidated Income Statement for 2014 and 2015 have offset internal transactions.

(3) Operating Cost

Item	2015	2014
Chemical engineering cost	3,810,372,872.26	4,069,286,885.19
Cable cost	3,800,351,758.81	3,849,676,321.54
Micro-electronics cost	371,214,619.52	399,193,981.87
Tyre cost	6,327,044,163.33	7,418,454,160.01
Electronics, equipment, product cost	754,551,002.46	784,118,422.40
Carbon black cost	681,339,417.99	820,995,005.59
Tianhong Company cost	14,091,661,344.78	12,524,453,373.34
Real estate cost	477,907,036.11	592,448,126.49
Labor service cost	460,502,352.19	240,115,634.80
Other business cost	11,728,086,616.59	5,069,007,908.48
Offset through consolidation	-7,936,827,587.95	-3,365,254,293.37
Total	34,566,203,596.09	32,402,495,526.34

Note: The Consolidated Income Statement for 2014 and 2015 have offset internal transactions.

31. Business tax and surcharges

Item	Amount incurred this year	Amount incurred last year
Business tax and surcharges	113,723,123.61	107,697,895.67
Total	113,723,123.61	107,697,895.67

Note: Please refer to Notes V (Taxes) for detailed calculation and payment standard of various business tax and surcharges.

32. Finance expense

Item	Amount incurred this year	Amount incurred last year
Interest expense	1,144,401,315.25	696,798,546.66

Less: interest income	430,820,926.21	133,981,394.18
Exchange loss or profit	-11,416,994.49	4,636,275.96
Others	20,873,990.57	31,048,932.24
Total	723,037,385.12	598,502,360.68

33. Non-operating income

Item	Amount incurred this year	Amount incurred last year
Non-operating income	31,205,637.99	43,742,131.01
Total	31,205,637.99	43,742,131.01

34. Non-operating expense

Item	Amount incurred this year	Amount incurred last year
Non-operating expense	12,635,476.42	9,404,646.76
Total	12,635,476.42	9,404,646.76

35. Income tax expense

Item	Amount incurred this year	Amount incurred last year
Income tax of the current period calculated as per tax laws and related rules	715,502,462.19	707,551,791.90
Deferred tax adjustment		604,320.32
Total	715,502,462.19	708,156,112.22

36. Additional information about the cash flows statement

(1) Adjustment of net profit to cash flows from operating activities

Item	Amount incurred this year	Amount incurred last year
① Adjustment of net profit to cash flows from operating activities:		
Net Profit	2,061,334,481.16	2,136,552,582.27
Add: provision for impairment of assets	-128,000.00	-6,068,863.59
Depreciation of fixed assets, depletion for oil and gas assets, depreciation of productive biological assets	761,981,492.92	687,943,558.41
Amortization of intangible assets		352,034.44
Amortization of long-term deferred expense		18,950.87
Decrease in deferred expense ("-" means increase)	-870,602.32	
Increase in accrued expense ("-" means decrease)	7,448,644.68	

Loss on disposal of fixed assets, intangible assets and other long-term assets (gains shown in "-")		-1,294,977.69
Loss on retirement of fixed assets (gains shown in "-")		1,571,437.07
Loss on fair value changes (gains shown in "-")		
Finance expense (gains shown in "-")	723,037,385.12	598,502,360.68
Investment loss (gains shown in "-")	-10,787,184.24	-43,333,509.81
Decrease in deferred tax assets (increases shown in "-")	-16,094,094.72	-1,325,991.70
Increase in deferred tax liabilities (decreases shown in "-")		-135,424.30
Decrease in inventories (increases shown in "-")	-983,825,782.43	366,399,332.23
Decrease in operating items receivable (increases shown in "-")	-753,531,136.83	1,901,448,635.59
Increase in operating items payable (decrease shown in "-")	682,792,790.23	-3,077,447,361.77
Others		
Net cash flows from operating activities	2,471,357,393.58	2,563,182,762.70
② Non-cash major investment and financing activities:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under financing lease		
② Net changes in cash and cash equivalents:		
Cash balance at the end of the period	4,268,448,542.40	3,363,668,628.56
Less: Cash balance at the beginning of the period	3,363,668,628.56	2,234,415,271.27
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase in cash and cash equivalents	904,779,913.84	1,129,253,357.29

(2) Composition of cash and cash equivalents

Item	Balance at the end of the period	Balance at the beginning of the period
① Monetary funds	4,268,448,542.40	3,363,668,628.56
Among which: Cash on hand	1,217,134.49	1,390,336.15

Bank deposits available for payment at any time	4,267,231,407.91	3,271,538,776.94
Other monetary funds available for payment at any time		90,739,515.47
Deposit with the central bank available for payment		
Deposit in other banks		
Lending to other banks		
② Cash equivalents		
Among which: Bond investments due within 3 months		
③ cash and cash equivalents at the end of the year	4,268,448,542.40	3,363,668,628.56

VIII. Related parties and related party transactions

(I) Related parties with controlling relationships

enterprises	address	business	relationship with the company	nature	representative
Wanda Group Co. Ltd.	Shengtuo Town, Kenli County	Production and slae of electrical materials, chemical products (excluding flammable and explosive dangerous goods), and tyres; production, processing and sale of building materials; processing of mechanical equipment	Subsidiary	Stockholding system	Jianli Shang
Shandong Wanda Jian'an Co. Ltd.	Shengtuo Town, Kenli County, Dongying	Industrial and, civil construction, pipelines, equipment, electrical installation, municipal engineering, cement prefabricated products processing, decoration and renovation, advertising business, aluminum-plastic doors and windows, road traffic signs production, light steel structure production and installation, intelligent information system services, road engineering (carried out with qualification certificate management), earthworks, concrete production and sales, water conservancy, hydropower, fire facilities construction of fire facilities works	Subsidiary	Stockholding system	Jigang Shang
Shandong Wanda Real Estate Ltd.	Building No 1, 67 Fuqian Street, Dongying Development Area	Development and operation of real estate and supporting facilities, leasing of housing	Subsidiary	Limited liability company	Xingjun Gao
Hongtai Energy (Singapore) Ltd.	1 Asia Plaza, Singapore	General wholesale trading	Subsidiary	Private limited company	Kai Shang

Qingdao Shengtaifeng International Trade Ltd.	Qingdao bonded area	Importing and exporting of natural rubber, compound rubber, synthetic rubber	Subsidiary	Limited liability company	Kai Shang
Shandong Baogang International Liquid Chemicals Co., Ltd. Shandong	Dongying Port Economic Development Zone	Wharf and other port facilities services, oil barge, wharf investment	Subsidiary	Limited liability company	Zhenyong Yan
Shandong Xingda New Energy Ltd.	Western side of Minfeng Road, Kenli County	Technology development of new energy	Subsidiary	Limited liability company	Yinhua Ba
Qingdao Niuchuang Industrial Co. Ltd.	Qingdao bonded area	Trade, technology development, technology consulting, agency	Subsidiary	Limited liability company	Chaowen Wang
Shanghai Xiangda Equity Investment Fund Management Co., Ltd.	No. 2123, Pudong Avenue, Pilot Free Trade Zone, Shanghai	Equity investment management, asset management, industrial investment, venture capital investment, etc.	Subsidiary	Limited liability company	Detao Ba
Shanghai Xiangda Commercial Factoring Co., Ltd.	No. 477 Fute West 1 Road, Pilot Free Trade Zone, Shanghai	Import and export factoring, domestic and offshore factoring, etc.	Subsidiary	Limited liability company	Detao Ba
Shanghai Xiangda Finance Leasing Co., Ltd.	Zhengding Road, Pilot Free Trade Zone, Shanghai	Financial lease business	Subsidiary	Limited liability company	Yuxiang Zhang
Dongying City Dongying Port Development Zone Yuanfeng Small Loan Co. Ltd.	No. 99 Gangcheng Road, Dongying Port Economic Development Zone, Dongying City	Engages in various small loan lending-out businesses in Shandong	Subsidiary	Limited liability company	Jiyong Yan

(2) Registered capital and its changes of related parties with controlling relationships

Name of enterprise	Dec 31, 2014	Increase in this year	Decrease in this year	Dec 31, 2015
Wanda Group Co. Ltd.	RMB 77,543,730	RMB 27,140,699		RMB 104,680,000

Shandong Wanda Jian'an Co. Ltd.	RMB 80,000,000			RMB 80,000,000
Shandong Wanda Real Estate Ltd.	RMB 100,000,000	RMB 15,000,000		RMB 115,000,000
Hongtai Energy (Singapore) Ltd.	USD 1,000,000	RMB 55,500,000		USD 56,500,000
Qingdao Shengtaifeng International Trade Ltd.	RMB 50,000,000			RMB 50,000,000
Shandong Baogang International Liquid Chemicals Co., Ltd	RMB 150,000,000			RMB 150,000,000
Shandong Xingda New Energy Ltd.	RMB 10,000,000	RMB 390,000,000		RMB 400,000,000
Qingdao Niuchuang Industrial Co. Ltd.	RMB 20,000,000			RMB 20,000,000
Shanghai Xiangda Equity Investment Fund Management Co., Ltd.		RMB 100,000,000		RMB 100,000,000
Shanghai Xiangda Commercial Factoring Co., Ltd.		RMB 28,000,000		RMB 28,000,000
Shanghai Xiangda Finance Leasing Co., Ltd.		RMB 1,000,000,000		RMB 1,000,000,000
Dongying City Dongying Port Development Zone Yuanfeng Small Loan Co. Ltd.	RMB 400,000,000			RMB 400,000,000

(II) Related party transactions

Transaction prices are based on fair price or agreed price.

IX. Contingent item

No contingent item.

X. Commitment item

No.

XI. Events after the balance sheet date

As of the date of issuance of this report, there are no events after the balance sheet date.

XII. Other important items

There are no other important items to elaborate.

XIII. Approval of financial statements

These financial statements have been approved by the board of directors of the Company.

Wanda Holdings Group Co. Ltd

March 26, 2016