

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES.

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

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

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

Confirmation of Your Representation:

In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities described therein, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Manager (as defined in the Offering Circular) and the Issuer (as defined in the Offering Circular) (i) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so in an offshore transaction pursuant to and in compliance with Regulation S under the Securities Act; and (ii) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

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

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Manager or any person who controls it nor any director, officer, employee or agent of the Issuer, the Manager or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Manager.

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

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

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



上海地产（集团）有限公司

SHANGHAI LAND (GROUP) CO., LTD

SHANGHAI LAND (GROUP) CO., LTD

(上海地產（集團）有限公司)

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

CNY750,000,000 3.70 per cent. Bonds due 2024

Issue Price: 100.0 per cent.

The CNY750,000,000 3.70 per cent. Bonds due 2024 (the “**Bonds**”) will be issued by Shanghai Land (Group) Co., Ltd (上海地產（集團）有限公司) (the “**Issuer**”), a company incorporated in the People's Republic of China (the “**PRC**”) with limited liability.

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

The Bonds will bear interest on their outstanding principal amount from and including 20 October 2021 at the rate of 3.70 per cent. per annum, payable in arrear on 20 October in each year (each an “**Interest Payment Date**”) commencing on 20 October 2022. Payments on the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC (including the China (Shanghai) Pilot Free Trade Zone) or any political subdivision or any authority therein or thereof having power to tax to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

Neither the Shanghai Municipal Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Deed of Covenant and will not provide a guarantee of any kind for the Bonds. The Bondholders (as defined below) shall have no recourse to the Shanghai Municipal Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Deed of Covenant. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds or the Deed of Covenant shall solely be fulfilled by the Issuer as an independent legal person.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015]2044號）) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 21 October 2020, which will expire within one year after 21 October 2020 evidencing such registration and intends to provide the requisite information on the issuance of the Bonds to the NDRC within ten PRC Business Days (as defined in the Terms and Conditions) after the Issue Date.

As stipulated by the Notice of the State Administration of Foreign Exchange on Issuing the Measures for Foreign Debts Registration and Administration (外債登記管理辦法（匯發[2013] 19號）) issued by the State Administration of Foreign Exchange of the PRC (the “**SAFE**”), which came into force on 13 May 2013, a domestic issuer of foreign debts (other than banks and finance departments of the PRC Government) shall register or submit the foreign debt agreement with the local branch of the SAFE within the prescribed time, pursuant to which the funds related to the foreign debt can be legally remitted into or outside the PRC. The Issuer undertakes to register the Deed of Covenant (as defined below) with the Shanghai Branch of the SAFE in any event.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on the Interest Payment Date (as defined in the Terms and Conditions) falling on, or nearest to, 20 October 2024 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to (but excluding) the date fixed for redemption, if the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 October 2021, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), each holder of Bonds (each a “**Bondholder**”) will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 100 per cent of their principal amount, together with accrued interest to (but excluding) such Put Settlement Date. See “*Terms and Conditions – Redemption and Purchase*”.

As there is currently no specific regulations or guidelines relating to the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there are some uncertainties regarding the interpretation and application of PRC taxation or foreign exchange related laws and regulations to these Bonds. See “*Taxation*”, “*Risk Factors – Risks Relating to the Bonds – Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value added tax under PRC tax laws*” and “*Risk Factors – Risks Relating to the Bonds – Stamp duties may also be imposed during the issuance and transfer of the Bonds*”. Investors should consult their own legal and tax advisors as needed before making its investment decision.

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 45.

The Bonds will be issued in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

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

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.**

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Group, its subsidiaries or the quality of disclosure in this Offering Circular. Under the rules of the SGX-ST, the Bonds, if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of at least CNY1,000,000.

The Bonds will be issued in registered uncertificated form and will be constituted by and have the benefit of, a Deed of Covenant (the “**Deed of Covenant**”) dated 20 October 2021 executed by the Issuer. The Bonds will be initially issued in uncertificated book-entry form entered in China Central Depository & Clearing Co., Ltd (中央國債登記結算有限責任公司) (“**CCDC**”) with CCDC entered in the register of the Bonds as the sole registered holder on or about 20 October 2021 (the “**Issue Date**”). Beneficial interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by CCDC as described herein. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner

Shanghai Pudong Development Bank Hong Kong Branch

Offering Circular dated 18 October 2021

NOTICE TO INVESTORS

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

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein inaccurate.

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

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the “**Manager**”) to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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

To the fullest extent permitted by law, none of the Manager or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisors accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Manager or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisors or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Manager and the Agents and their respective affiliates, directors, employees, agents, representatives, officers or 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. None of the Manager or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisors undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Manager or the Agents or their respective affiliates, directors, employees, agents, representatives, officers or advisors.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

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

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

Industry and Market Data

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

Presentation of Financial Information

This Offering Circular contains consolidated financial information of the Issuer as at and for the year ended 31 December 2018, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 (the “**Issuer’s 2019 Audited Consolidated Financial Statements**”) and consolidated financial information of the Issuer as at and for the years ended 31 December 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 (the “**Issuer’s 2020 Audited Consolidated Financial Statements**” and, together with the Issuer’s 2019 Audited Consolidated Financial Statements, the “**Issuer’s Audited Consolidated Financial Statements**”) which are included elsewhere in this Offering Circular. The Issuer’s Audited Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by BDO China Shu Lun Pan Certified Public Accountant LLP (立信會計事務所(特殊普通合伙)) (“**BDO**”), the independent auditor of the Issuer, in accordance with Auditing Standards for Chinese Certified Public Accountants. None of the Manager nor its affiliates, directors, employees, agents, representatives, officers and advisors has independently verified or checked the accuracy of the Issuer’s Audited Consolidated Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete. PRC GAAP differs in certain material respects from International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Material Differences Between PRC GAAP and IFRS*”.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**” and “**China**” are to the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan); all references to the “**United States**” and “**U.S.**” are to the United States of America; all references to the “**PRC Government**” are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or, where the context requires, any of them; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the PRC; and all references to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.5250 to U.S.\$1.00 (the noon buying rate in New York City on 31 December 2020 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

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

Unless the context otherwise requires, references to “2018”, “2019” and “2020” in this Offering Circular are to the years ended 31 December 2018, 2019 and 2020, respectively.

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

- “**CBRC**” refers to China Banking Regulatory Commission;
- “**CBD**” refers to central business district, which is the commercial and business centre of a city;
- “**CSRC**” refers to China Securities Regulation Commission;
- “**CBIRC**” refers to China Banking and Insurance Regulatory Commission (which was formed by the merger of CBRC and the China Insurance Regulatory Commission in April 2018);
- “**GDP**” refers to gross domestic product;
- “**GFA**” refers to gross floor area;
- “**CPC**” refers to the Communist Party of China;
- “**MOF**” refers to the Ministry of Finance of the PRC;
- “**MOHURD**” refers to the Ministry of Housing and Urban-Rural Development of the PRC;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “**PBOC**” refers to the People’s Bank of China, the central bank of the PRC;

- “**SAFE**” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “**SAT**” refers to the State Administration of Taxation of the PRC;
- “**SCNPC**” refers to the Standing Committee of the National People’s Congress of the PRC;
- “**Shanghai Municipal Government**” refers to the municipal government of Shanghai;
- “**Shanghai SASAC**” refers to State-owned Assets Supervision and Administration Commission of the Shanghai Municipal Government (上海市國有資產監督管理委員會);
- “**State Council**” refers to the State Council of the PRC;
- “**sq.m**” refers to square metre(s); and
- “**VAT**” refers to value added tax.

FORWARD-LOOKING STATEMENTS

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

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

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

- the Group’s ability to successfully implement its business plans and strategies;
- financial condition, performance and business prospects of the Group;
- the Group’s ability to finance and complete new projects on schedule and ability to manage its product development;
- supply and cost of raw materials;
- continued availability and costs of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC Government and the Shanghai Municipal Government and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- natural disasters, industrial actions, terrorist attacks, epidemics and other events beyond the control of the Group;
- changes in the global economic conditions; and
- other factors, including those discussed in “*Risk Factors*”.

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

TABLE OF CONTENTS

	Page
SUMMARY	1
THE OFFERING	5
SUMMARY CONSOLIDATED FINANCIAL INFORMATION	9
RISK FACTORS	15
TERMS AND CONDITIONS OF THE BONDS	46
SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN CCDC	58
USE OF PROCEEDS	59
CAPITALISATION AND INDEBTEDNESS	60
DESCRIPTION OF THE GROUP	61
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	76
PRC REGULATIONS	79
TAXATION	90
SUBSCRIPTION AND SALE	94
SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS	97
GENERAL INFORMATION	98
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY

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

OVERVIEW

The Group is a state-owned enterprise directly and wholly owned by Shanghai SASAC. Since 2002, the Group has played an important role in implementing the Shanghai Municipal Government's blueprint for urban planning and municipal construction. The Group focuses on social housing development, urban development and renewal, commercial real property development, production and sale of construction materials, real property leasing, as well as the provision of senior care services, rural revitalisation and the guarantee business. Benefitting from strong support from the Shanghai Municipal Government toward its strategic development, the Group has experienced rapid growth and achieved major milestones. After more than a decade of efforts, the Group has gained extensive experience and expertise in the industries in which it operates. The Group believes that its achievements in completing many landmark projects in Shanghai, as well as its relationship with the Shanghai Municipal Government, has contributed to the Group's stable growth of total assets and business expansion and underpins the Group's contribution to Shanghai's social and economic development.

Set forth below is an overview of the principal business segments of the Group:

Social Housing Development. The Group is commissioned by the Shanghai Municipal Government to undertake the development, sale and leasing of social housing in Shanghai, including resettlement housing (動遷安置房), subsidised housing (經濟適用房) and public rental housing (公租房). The Group was among the first companies in Shanghai to undertake social housing development and is one of the largest developers in terms of the total GFA of the delivered properties with the most diversified portfolio of social housing projects. Over the past ten years, the Group has delivered a total planned GFA of over 11 million sq.m. of resettlement housing projects with an aggregate of more than 100,000 units and completed nine public rental housing projects with an aggregate of approximately 10,000 units. As at 31 December 2020, the Group completed nine key social housing projects with a total GFA of approximately 3,999 thousand sq.m. and a total investment amount of approximately RMB25,709 million and had two key social housing projects under construction with an estimated total investment amount of approximately RMB39,200 million. As at the same date, the Group acquired 11 pieces of land for public rental housing projects planned to be constructed with a total planned GFA of approximately 1,117 thousand sq.m. and an estimated total of 10,864 units. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's social housing development business was approximately RMB2,899 million, RMB2,308 million and RMB3,269 million, respectively, representing approximately 6 per cent., 7 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's social housing development business was approximately RMB354 million, RMB230 million and RMB268 million, respectively, representing approximately 2 per cent., 2 per cent. and 2 per cent. of the Group's gross profit, respectively.

Urban Renewal. The Group is a key player in the execution of strategic planning for the Shanghai Party Committee and the Shanghai Municipal Government with respect to urban renewal in Shanghai. The Group is engaged in developing, constructing, renovating and improving urban villages, old districts and industrial parks, as well as preserving historical sites. The major projects undertaken by the Group include the renovation of urban villages in Pudong Sanlin Green Corner (浦東三林楔形綠地), Baoshan New Good City (寶山新顧城), Jinshan Zhujing Town (金山朱涇鎮) and Minhang Zhuanqiao (閔行顧橋) and the renovation project of old districts in Hongkou District Dong Yu Hang Road (虹口區東餘杭路(一期)舊區改造項目) and Huangpu District Qiaojia Old District (黃浦區喬家路舊區改造項目), among other urban renewal projects. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's urban renewal business was approximately RMB10,611 million, RMB4,440 million and RMB4,324 million, respectively, representing approximately 22 per cent., 14 per cent. and 15 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's urban renewal business was approximately RMB7,195 million, RMB3,209 million and RMB2,320 million, respectively, representing approximately 36 per cent., 24 per cent. and 21 per cent. of the Group's gross profit, respectively.

Commercial Real Property Development. The Group's property development business covers commercial real property construction, sale and operation with a diverse portfolio of property developments, principally comprised of residential and office building development, supplemented by hotel and retail property development. The Group conducts its commercial real property development business through its subsidiary, China Enterprise Company Limited (中華企業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600675SH) ("**China Enterprise**"). The Group's geographical advantage in Shanghai, combined with its extensive experience, has positioned it to become a strong force in the real estate market in Shanghai. As at 31 December 2020, China Enterprise had eight commercial real property projects under construction with a total planned GFA of approximately 770 thousand sq.m., among which four projects are located in Shanghai, three projects are located in Jiangsu province and one project is located in Jilin province. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's commercial real property development business was approximately RMB22,891 million, RMB12,169 million and RMB11,552 million, respectively, representing approximately 48 per cent., 39 per cent. and 39 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's commercial real property development business was approximately RMB10,136 million, RMB6,896 million and RMB4,932 million, respectively, representing approximately 50 per cent., 51 per cent. and 44 per cent. of the Group's gross profit, respectively.

Construction Material Business. The Group's construction material business primarily covers (i) an advanced manufacturing business focusing on high-end manufacturing and further processing applications; (ii) a new materials business focusing on manufacturing building materials and green building materials; (iii) an energy conservation and environmental protection business focusing on the renovation and upgrading of existing buildings; and (iv) a production business focusing on integrated supply, testing and certification of building materials. The Group's construction materials are widely used in landmark projects and buildings, such as Shanghai Tower (上海中心大廈), Pudong International Airport (浦東國際機場) and Yangshan Port (洋山深水港). For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's construction material business was approximately RMB5,883 million, RMB6,141 million and RMB5,072 million, respectively, representing approximately 12 per cent., 20 per cent. and 17 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's construction material business was approximately RMB768 million, RMB1,009 million and RMB926 million, respectively, representing approximately 4 per cent., 8 per cent. and 8 per cent. of the Group's gross profit, respectively.

Real Property Leasing. The real property leasing business operated by the Group primarily consists of the leasing of office buildings, shopping malls, stores, hotels, warehouses and other types of real property, primarily located in Shanghai. As at 31 December 2020, the Group primarily held three properties for leasing with an aggregate leasable area of approximately 261 thousand sq.m and an aggregate rental income of approximately RMB368 million for the year ended 31 December 2020. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's real property leasing business was approximately RMB2,139 million, RMB2,398 million and RMB2,134 million, respectively, representing approximately 4 per cent., 8 per cent. and 7 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's real property leasing business was approximately RMB881 million, RMB863 million and RMB934 million, respectively, representing approximately 4 per cent., 6 per cent. and 8 per cent. of the Group's gross profit, respectively.

Other Businesses. The Group also undertakes other businesses, including senior care services, rural revitalisation and guarantee business. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other businesses was approximately RMB3,691 million, RMB3,975 million and RMB3,106 million, respectively, representing approximately 8 per cent., 13 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's other businesses was approximately RMB836 million, RMB1,243 million and RMB1,725 million, respectively, representing approximately 4 per cent., 9 per cent. and 16 per cent. of the Group's gross profit, respectively.

The Group generated operating income of approximately RMB48,114 million, RMB31,431 million and RMB29,456 million for the years ended 31 December 2018, 2019 and 2020, respectively, and generated gross profit of approximately RMB20,172 million, RMB13,449 million and RMB11,104 million for the years ended 31 December 2018, 2019 and 2020, respectively. See "*Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period*".

COMPETITIVE STRENGTHS

The Group believes that the following strengths are key to its consistent growth and enable the Group to compete successfully within the industries in which it operates:

- Well-positioned to leverage the strategic position of Shanghai to achieve business growth
- Strong support from Shanghai SASAC and the government
- Proven track record with extensive experience and strong presence in development projects of Shanghai
- Diversified business portfolio with synergies among different business segments
- Diversified financing channels and prudent financial policies
- Experienced management team and well-established corporate governance structure

BUSINESS STRATEGIES

The Group intends to adopt the following key strategies for its continued business expansion and growth:

- Continue to focus on the Group's core business and expand into industries which provide synergies with the Group's core business
- Fully commit to the Group's responsibilities as a wholly state-owned urban development platform
- Strengthen management and internal control systems

RECENT DEVELOPMENTS

Financial performance of the Group as at and for the six months ended 30 June 2021

The Group has prepared its unaudited and unreviewed consolidated financial information as at and for the six months ended 30 June 2021 (the "**June 2021 Financial Information**"). For the avoidance of doubt, the June 2021 Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular.

For the six months ended 30 June 2021, the Group recorded an increase in its total operating income as compared to the same period in 2020. See "*Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period*". The Group's total operating costs for the six months ended 30 June 2021 increased correspondingly.

The Group's total assets as at 30 June 2021 increased steadily from 31 December 2020, mainly due to, among other things, increases in other receivables, other current assets, inventories, long-term equity investments and construction in progress. As at 30 June 2021, the Group's total liabilities also increased compared to that as at 31 December 2020. In particular, the Group's short-term and long-term borrowings and bonds payable as at 30 June 2021 increased compared to that as at 31 December 2020, mainly due to its refinancing or repayment of existing loans and for other general corporate purposes.

Save for the financial information disclosed in the preceding paragraphs, the June 2021 Financial Information is not included in and does not form a part of this Offering Circular. The June 2021 Financial Information has not been audited or reviewed by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Issuer, the Group, the Manager or the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the June 2021 Financial Information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the selected financial information above was extracted from the June 2021 Financial Information, and is not to be, and should not be, taken as an indication of the expected financial condition or results of operations of the Issuer or the Group for the full year ending 31 December 2021.

Issuance of Onshore Corporate Bonds

In March 2021, the Issuer issued the first tranche corporate bonds “21 Hudichan 01” in the PRC in an aggregate principal amount of RMB3,000 million with a term of five years and an initial coupon of 3.97 per cent. See “*Capitalisation and Indebtedness*”.

In September 2021, the Issuer issued the second tranche corporate bonds “21 Huidichan 02” and the third tranche corporate bonds “21 Huidichan 03” in the PRC. The second tranche corporate bonds “21 Huidichan 02” were issued in an aggregate principal amount of RMB2,000 million with a term of three years and a coupon of 3.20 per cent. The third tranche corporate bonds “21 Huidichan 03” were issued in an aggregate principal amount of RMB2,000 million with a term of five years and a coupon of 3.60 per cent. See “*Capitalisation and Indebtedness*”.

Issuance of Onshore Asset-backed Securities

In March 2021, China Enterprise, one of the Issuer’s subsidiaries, privately placed a series of asset-backed securities in the PRC. The first tranche, “Zhongqi Premium A”, was issued on 31 March 2021 in an aggregate principal amount of RMB2,006 million with a term of 17.8493 years and an initial coupon of 4.15 per cent. The second tranche, “Zhongqi Premium B”, was issued on 31 March 2021 in an aggregate principal amount of RMB687 million with a term of 17.8493 years and an initial coupon of 4.78 per cent. The third tranche, “Zhongqi Subprime”, was issued on 31 March 2021 in an aggregate principal amount of RMB50 million with a term of 17.8493 years. See “*Capitalisation and Indebtedness*”.

Issuance of Offshore Bonds in the China (Shanghai) Pilot Free Trade Zone

In May 2021, the Issuer issued offshore bonds in the China (Shanghai) Pilot Free Trade Zone in an aggregate principal amount of RMB3,000 million with a term of three years and a coupon of 3.80 per cent. See “*Capitalisation and Indebtedness*”.

Issuance of Onshore Enterprise Bonds

In June 2021, China Enterprise, one of the Issuer’s subsidiaries, issued its enterprise bonds “21 Zhongqi 01” in the PRC in an aggregate principal amount of RMB3,087 million with a term of 3+2 years and an initial coupon of 3.70 per cent. See “*Capitalisation and Indebtedness*”.

THE OFFERING

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

Issuer	Shanghai Land (Group) Co., Ltd (上海地產（集團）有限公司)
The Bonds	CNY750,000,000 3.70 per cent. Bonds due 2024.
CCDC Code	G218005.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered uncertificated form in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.
Issue Date	20 October 2021.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 20 October 2021, at the rate of 3.70 per cent. per annum, payable in arrear on 20 October in each year, commencing on 20 October 2022.
Maturity Date	20 October 2024.
Status of the Bonds.....	The Bonds will constitute direct, unconditional and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> and without preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Neither the Shanghai Municipal Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Deed of Covenant and will not provide a guarantee of any kind for the Bonds. The Bondholders shall have no recourse to the Shanghai Municipal Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Deed of Covenant. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds or the Deed of Covenant shall solely be fulfilled by the Issuer as an independent legal person.

Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions.
Use of Proceeds.....	The net proceeds of the offering of the Bonds will be used for onshore project construction and refinancing of existing onshore debts. See “ <i>Use of Proceeds</i> ”.
Events of Default	The Bonds will contain certain events of default as further described in Condition 9 (<i>Events of Default</i>) of the Terms and Conditions.
Taxation.....	<p>All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC (including the China (Shanghai) Pilot Free Trade Zone) or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.</p> <p>Where such withholding or deduction is made by the Issuer in respect of PRC (including the China (Shanghai) Pilot Free Trade Zone) up to and including the aggregate rate applicable on 18 October 2021 (the “Applicable Rate”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.</p> <p>In the event that the Issuer is required to make a deduction or withholding by or within the PRC (including the China (Shanghai) Pilot Free Trade Zone) in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the “Additional Tax Amounts”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (<i>Taxation</i>) of the Terms and Conditions.</p>
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, the Maturity Date.
Redemption for Change of Control	Following the occurrence of a Change of Control, the Holder of any Bond will have the right, at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds at 100 per cent. of their principal amount, together with accrued interest, as further described in Condition 6(c) (<i>Redemption for Change of Control</i>) of the Terms and Conditions.
Redemption for Taxation Reasons	<p>The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with any interest accrued to (but excluding) the date fixed for redemption, if:</p> <p>(i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any</p>

change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 October 2021; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Further Issues	The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further securities constituted by a deed supplemental to the Deed of Covenant and having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and making of the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds, as the case may be, as further described in Condition 12 (<i>Further Issues</i>) of the Terms and Conditions.
Principal Agent, Registrar and Transfer Agent	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司).
Clearing and Settlement	The Bonds will be initially issued in uncertificated book-entry form entered in CCDC with CCDC entered in the register of the Bonds as the sole registered holder. Beneficial interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by CCDC. Except as described in this Offering Circular, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Bonds.
Governing Law	English law.
Listing	Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Group, its subsidiaries or the quality of disclosure in this Offering Circular. Under the rules of the SGX-ST, the Bonds, if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of at least CNY1,000,000.
Selling Restrictions	The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance of

Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See “*Subscription and Sale*”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Issuer as at and for the periods indicated. The consolidated financial information of the Issuer as at and for the year ended 31 December 2018 has been derived from the Issuer's 2019 Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, and the consolidated financial information of the Issuer as at and for the years ended 31 December 2019 and 2020 has been derived from the Issuer's 2020 Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular. The Issuer's Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by BDO. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the material differences, see "Summary of Certain Material Differences between PRC GAAP and IFRS". The Issuer's historical consolidated financial information should not be taken as an indication of its future financial performance. See "Risk Factors – Risks Relating to the Group's Businesses – Historical consolidated financial information of the Issuer may not be indicative of its current or future results of operations".

Certain financial information of the Issuer's audited consolidated financial information as at and for the year ended 31 December 2019 has been adjusted in the Issuer's 2020 Audited Consolidated Financial Statements to reflect certain changes in accounting policies. For more information, see "Note 5 (Notes to adjustments for changes in accounting policies and accounting estimates and corrections of accounting errors as well as other adjustments)" of the Issuer's 2020 Audited Consolidated Financial Statements. Accordingly, certain financial information of the Issuer for the year ended 31 December 2019 in the Issuer's 2020 Audited Consolidated Financial States is not directly comparable to the financial information in respect of the same period set out in the Issuer's 2019 Audited Consolidated Financial Statements and potential investors must exercise caution when using such consolidated financial information of the Issuer to evaluate the Group's financial condition and results of operations.

The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's Audited Consolidated Financial Statements including the notes thereto, which are included elsewhere in this Offering Circular.

According to the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "Joint Circular"), any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debt. See "Risk Factors – Risks Relating to the Group's Businesses – PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing" for further information.

Summary Consolidated Income Statement Data

	For the year ended 31 December		
	2018 (RMB'000) (Audited)	2019 (RMB'000) (Audited)	2020 (RMB'000) (Audited)
I. Total operating income ^(Note 1)	48,114,480	31,430,824	29,455,505
Including: Operating income ^(Note 1)	48,114,480	31,430,824	29,455,505
II. Total operating costs ^(Note 1)	39,407,040	26,802,425	25,725,880
Including: Operating costs ^(Note 1)	27,942,867	17,981,592	18,351,154
Tax and surcharges ^(Note 1)	6,616,431	3,993,856	2,265,364
Selling expenses	711,573	732,037	628,798
General and administrative expenses ^(Note 1)	1,951,094	2,024,647	2,007,256
Research and development expenses	179,307	213,620	223,890
Financial expenses ^(Note 1)	2,005,767	1,856,674	2,249,419
Including: interest expenses	2,649,119	2,654,634	2,872,780
Interest income ^(Note 1)	682,176	852,849	689,956
Net losses from foreign exchange ("-" for net gains)	-2,860	8	10,275
Plus: Other income	246,600	180,151	341,010
Investment income ("-" for losses)	2,302,074	6,256,809	2,497,532
Including: income from investments in associates and joint ventures ("-" for losses)	385,589	273,701	-49,833
Gains from changes in fair value ("-" for losses)	-18,864	68,662	-12,539
Credit depreciation loss ("-" for losses)	-	2,287	-7,534
Assets depreciation loss ("-" for loss)	-271,135	-182,620	-140,032
Gains from disposal of assets ("-" for losses)	38,206	19,188	108,491
III. Operating profit ("-" for loss) ^(Note 1)	11,004,321	10,972,875	6,516,553
Plus: non-operating income	285,477	203,246	243,654
Including: Government grants	188,887	127,492	97,039
Less: Non-operating expenses	125,069	150,122	134,496
IV. Total profits ("-" for total losses) ^(Note 1)	11,164,730	11,025,998	6,625,710
Less: Income tax expenses	2,810,371	2,994,453	1,423,703
V. Net profit ("-" for net loss)	8,354,359	8,031,545	5,202,007
(I) Classified by ownership			
Net profit attributable to owners of the parent company ^(Note 1)	6,676,496	6,457,481	4,125,717
Minority interest income ^(Note 1)	1,677,863	1,574,064	1,076,290
(II) Classified by operating sustainability			
Net profit from continued operation ^(Note 1)	8,354,359	8,031,545	5,202,007
Net profit from discontinued operation	-	-	-
VI. Other comprehensive income, net of tax	-2,553,878	2,106,062	-3,853,521
Other comprehensive income, net of tax attributable to owners of parent company	-2,427,470	2,003,714	-3,820,756
(I) Other comprehensive income that cannot be reclassified into profit or loss later	-	216	29
1. Changes in remeasurement of defined benefit plans	-	-	-
2. Other comprehensive income that cannot be transferred into profit or loss under equity method	-	216	29
3. Changes in fair value of other equity instruments	-	-	-
4. Changes in the fair value of enterprise credit risk	-	-	-
5. Others	-	-	-

For the year ended 31 December			
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
	(Audited)	(Audited)	(Audited)
(II) Other comprehensive income that cannot be reclassified into profit or loss later ^(Note 1)	-2,427,470	2,003,498	-3,820,785
1. Other comprehensive income that can be transferred into profit or loss under equity method	-47,333	13	-21
2. Changes in fair value of other claim instruments	-	-	-
3. Gains and losses from changes in fair value of available-for-sale financial assets	-2,380,490	2,543,193	-3,819,461
4. Amount of financial assets reclassified into other comprehensive income	-	-	-
5. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets	-	-	-
6. Provision for impairment of other claim investments	-	-	-
7. Reserve for cash flow hedging (the effective portion of cash flow hedging gains and losses)	-	-	-
8. Translation differences of financial statements denominated in foreign currency	353	312	-1,303
9. Others	-	-540,020	-
Other comprehensive income, net of tax attributable to minority shareholders ^(Note 1)	-126,408	102,348	-32,765
VII. Total comprehensive income ^(Note 1)	5,800,481	10,137,607	1,348,486
Total comprehensive income attributable to owners of the parent company ^(Note 1)	4,249,026	8,461,195	304,961
Total comprehensive income attributable to minority shareholders ^(Note 1)	1,551,455	1,676,412	1,043,525
VIII. Earnings per share:	-	-	-
Basic earnings per share	-	-	-
Diluted earnings per share	-	-	-

Note:

1. Certain financial information of the Issuer's audited consolidated financial information as at and for the year ended 31 December 2019 has been adjusted in the Issuer's 2020 Audited Consolidated Financial Statements to reflect certain changes in accounting policies. For more information, see "Note 5 (Notes to adjustments for changes in accounting policies and accounting estimates and corrections of accounting errors as well as other adjustments)" of the Issuer's 2020 Audited Consolidated Financial Statements. Accordingly, certain financial information of the Issuer for the year ended 31 December 2019 (reproduced in the Offering Circular) in the Issuer's 2020 Audited Consolidated Financial States is not directly comparable to the financial information in respect of the same period set out in the Issuer's 2019 Audited Consolidated Financial Statements and potential investors must exercise caution when using such consolidated financial information of the Issuer to evaluate the Group's financial condition and results of operations.

Summary Consolidated Balance Sheet Data

	As at 31 December		
	2018 (RMB'000) (Audited)	2019 (RMB'000) (Audited)	2020 (RMB'000) (Audited)
CURRENT ASSETS:			
Monetary funds	47,801,783	37,655,566	49,089,002
Financial assets held for trading	-	428,876	319,964
Financial assets measured at fair value through current profit or loss	40,587	584	545
Notes receivable	549,652	220,490	208,205
Accounts receivable	1,592,348	1,751,553	1,729,834
Receivables financing	-	349,523	410,816
Advances to suppliers ^(Note 1)	2,461,014	2,144,180	1,395,519
Other receivables	12,068,648	6,480,998	5,302,709
Including: dividends receivable	149,086	168,090	73,144
Inventories	107,659,774	114,282,129	138,623,059
Including: raw materials	373,923	394,174	401,949
Stock commodities (finished goods)	767,110	13,066,703	19,098,602
Contract assets	-	-	19,410
Assets held for sale.....	38,043	24,229	943,142
Non-current assets maturing within one year	84,000	-	-
Other current assets ^(Note 1)	10,424,525	11,742,136	2,094,100
TOTAL CURRENT ASSETS ^(Note 1)	182,721,375	175,080,262	200,136,306
NON-CURRENT ASSETS:			
Loans and advances to customers.....	298,372	209,975	171,632
Available-for-sale financial assets	22,257,159	25,721,170	21,247,037
Held-to-maturity investments.....	-	90,000	140,000
Long-term receivables	1,496,962	1,496,299	2,112,226
Long-term equity investments	13,869,717	23,335,230	28,180,720
Other non-current financial assets	-	19,672	38,833
Investment properties	19,035,940	19,084,703	20,634,138
Fixed assets	8,563,133	9,564,472	18,781,024
Including: original value of fixed assets	-	15,497,272	25,305,810
Accumulated depreciation	-	5,550,513	6,190,127
Provision for fixed asset impairment	-	386,328	338,706
Construction in progress ^(Note 1)	25,719,691	24,508,908	18,800,422
Intangible assets	3,107,180	3,156,848	3,102,469
Development expenses	2,476	2,427	2,199
Goodwill	22,060	22,060	22,060
Long-term deferred expenses	305,151	326,765	259,857
Deferred tax assets ^(Note 1)	4,212,314	4,112,734	4,117,485
Other non-current assets	10,169,492	13,402,515	12,983,547
TOTAL NON-CURRENT ASSETS ^(Note 1)	109,059,647	125,053,777	130,593,648
TOTAL ASSETS ^(Note 1)	291,781,022	300,137,039	330,729,954
CURRENT LIABILITIES:			
Short-term borrowings	3,506,244	4,691,500	7,149,527
Notes payable	730,147	493,721	467,787
Accounts payable	11,580,171	9,402,921	9,445,869

	As at 31 December		
	2018 (RMB'000) (Audited)	2019 (RMB'000) (Audited)	2020 (RMB'000) (Audited)
Advances from customers ^(Note 1)	19,001,243	17,049,177	10,371,161
Contract liabilities ^(Note 1)	-	-	5,668,864
Employee remuneration payable	643,968	652,203	695,155
Including: accrued payroll	308,606	334,498	389,409
Welfare payable	290,555	272,287	261,310
Including: employee bonus and welfare fund	285,427	267,710	256,422
Taxes and surcharges payable ^(Note 1)	10,826,035	11,401,953	13,117,613
Including: taxes payable	10,828,086	11,291,303	12,664,096
Other payables	14,831,731	12,921,081	14,664,542
Including: dividends payable	-	247,115	551,557
Non-current liabilities maturing within one year	13,615,344	10,333,572	20,673,703
Other current liabilities ^(Note 1)	4,377,259	4,549,227	9,128,623
TOTAL CURRENT LIABILITIES ^(Note 1)	79,112,142	71,495,356	91,382,844
NON CURRENT LIABILITIES:			
Long-term borrowings	35,367,369	36,754,377	37,011,487
Bonds payable	14,817,196	22,356,363	25,062,356
Long-term payables	44,921,198	45,097,683	37,847,073
Estimated liabilities	125,688	112,945	123,097
Deferred income	4,158,861	4,872,484	17,572,005
Deferred tax liabilities	1,985,924	3,631,640	3,029,047
Other non-current liabilities	10,399,722	10,088,086	4,407,661
TOTAL NON-CURRENT LIABILITIES	111,775,958	122,913,578	125,052,726
TOTAL LIABILITIES ^(Note 1)	190,888,100	194,408,933	216,435,569
OWNER'S EQUITY (OR SHAREHOLDERS' EQUITY):			
Paid-in capital (or share capital)	4,200,000	30,000,000	30,000,000
Among others, state-owned capital	4,200,000	30,000,000	30,000,000
Net paid-in capital (or share capital)	4,200,000	30,000,000	30,000,000
Capital reserves	46,126,625	19,379,715	27,824,417
Other comprehensive income	5,796,421	7,868,119	4,047,363
Special reserve	9,976	9,916	10,865
Surplus reserves	2,100,000	2,419,670	2,735,692
Including: statutory reserve funds	2,100,000	2,419,670	2,735,692
Undistributed profit ^(Note 1)	25,450,121	30,477,768	33,565,759
Total equity attributable to owners (shareholders) of the parent company ^(Note 1)	83,683,144	90,155,189	98,184,096
Minority equity ^(Note 1)	17,209,779	15,569,917	16,110,288
TOTAL OWNER'S EQUITY (OR SHAREHOLDERS' EQUITY) ^(Note 1)	100,892,923	105,725,106	114,294,384
TOTAL LIABILITIES AND OWNER'S EQUITY (OR SHAREHOLDERS' EQUITY) ^(Note 1)	291,781,022	300,134,039	330,729,954

Note:

1. Certain financial information of the Issuer's audited consolidated financial information as at and for the year ended 31 December 2019 has been adjusted in the Issuer's 2020 Audited Consolidated Financial Statements to reflect certain changes in accounting policies. For more information, see "Note 5 (Notes to adjustments for changes in accounting policies and accounting estimates and corrections of accounting errors as well as other adjustments)" of the Issuer's 2020 Audited Consolidated Financial Statements. Accordingly, certain financial information of the Issuer for the year ended 31 December 2019 (reproduced in the Offering Circular) in the Issuer's 2020 Audited Consolidated Financial States is not directly comparable to the financial information in respect of the same period set out in the Issuer's 2019 Audited Consolidated Financial Statements and potential investors must exercise caution when using such consolidated financial information of the Issuer to evaluate the Group's financial condition and results of operations.

Summary Consolidated Statement of Cash Flows Data

	For the year ended 31 December		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
	(Audited)	(Audited)	(Audited)
Net cash flows from/(used in) operating activities	2,607,442	(7,832,206)	1,175,666
Net cash flows from/(used in) investing activities	(5,521,435)	(7,313,652)	(6,124,841)
Net cash flows from/(used in) financing activities	5,944,086	4,659,497	15,331,519
Effect of fluctuation in exchange rate on cash and cash equivalents	922	2,023	(7,454)
Net increase/(decrease) of cash and cash equivalents	3,031,015	(10,484,337)	10,374,890
Plus: beginning balance of cash and cash equivalents	43,463,169	46,494,184	36,009,846
Ending balance of cash and cash equivalents	46,494,184	36,009,846	46,384,737

RISK FACTORS

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

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

Risks Relating to the Group's Businesses

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Shanghai and the PRC.

The Group is a state-owned enterprise directly and wholly owned by Shanghai SASAC that focuses on social housing development, urban development and renewal, commercial real property development, production and sale of construction materials, real property leasing, as well as the provision of senior care services, rural revitalisation and the guarantee business, and the implementation of the Shanghai Municipal Government's urban renewal and industry reform development strategies. Substantially all of the Group's business operations and investment are conducted in Shanghai and the PRC and its assets are highly concentrated in Shanghai. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Shanghai and the PRC.

The China's economy experienced rapid growth in the past 30 years with an average annual GDP growth rate of 9.5 per cent. from 1979 to 2017 according to the National Statistics Bureau of the PRC. China's GDP has slowed down in recent years, raising concerns that the historically rapid growth of the PRC economy may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP slowed down from 7.8 per cent. in 2013 to 2.3 per cent. in 2020. During the same period, the annual growth of GDP in Shanghai slowed down from 7.7 per cent. to 1.7 per cent. in 2020 according to the Statistics Bureau of Shanghai. While Shanghai municipality is a major commercial and financial centre of the PRC, there can be no assurance that the level of economic activity in Shanghai will continue to grow at the same rate as in the past, or at all. In addition, other material adverse events, including changes in the regulatory environment, changes in national or local government development plans and policies for Shanghai, a decrease in investor confidence in Shanghai, and disasters, whether natural or otherwise, may affect the development of Shanghai. Any slowdown in the economic growth in the PRC or Shanghai may adversely affect the development plans and policies of the PRC Government and the Shanghai Municipality Government, causing the relevant government body to reduce its budget and spending on the development of Shanghai. This may in turn decrease the demand for the Group's services and have an adverse effect on the Group's business, financial condition, results of operations and prospects. See “– Risks Relating to Urban Renewal Business – The Group's urban renewal business and prospects to a large extent depend upon the budget and spending of the Shanghai Municipal Government on urban development” and “– Risks Relating to the PRC – China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain”.

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

Various PRC Government entities maintain and enforce regulations related to local governments' fiscal debts and local government financing vehicles (“LGFV”). These government entities, including MOF, may from time to time interpret relevant laws and regulations based on their own interpretation of the specific activities engaged in by enterprises such as

the Issuer. The Issuer therefore cannot be certain that certain regulations intended to apply to local governments and LGFVs do not or will not apply to it or that such regulations will not be retroactively applied to it.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) (“**Circular 43**”) with an aim to control a significant increase in local government debts and associated risks in the PRC’s banking system. Circular 43 generally prohibits local governments from incurring “off-balance sheet” indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms that are owned or controlled by the relevant local governments.

In April 2017, MOF, together with NDRC, PBOC, CSRC, CBIRC and the Ministry of Justice, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43. In the event the Issuer were deemed a financing platform of the relevant local government, the Group’s results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group may only rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

In addition, the PRC Government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No.23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23 號)) (the “**MOF Circular**”), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the “**Joint Circular**”) was released, and reiterated the PRC Government’s position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase in local government debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and that public interest assets are prohibited from being included in corporate assets. As at 31 December 2020, the Group had approximately RMB12,950 million public interest assets, which amounted to approximately 4 per cent. of the total assets of the Group as at the same date. Such public interest assets mainly included infrastructure projects undertaken by the Group in Shanghai, such as transportation hubs, flood walls and road landscaping. The ownership title of all such public interest assets would be transferred to the government upon their completion. See “– Risks Relating to the Bonds – The PRC Government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer”.

On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the NDRC on the Relevant Requirements for Filing and Registration of Foreign Debt Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (“**Circular 666**”), which aims to strengthen the management of local government debt and avoid or mitigate risks relating to medium and long-term foreign debt as well as hidden debt of local governments. Circular 666 expressly restricts the use of proceeds of foreign debt securities issued by state-owned enterprises which undertake local government financing functions to the repayment of medium and long-term offshore debt due within the impending one year.

The PRC Government may continue to release new policies or amend existing regulations to control the increase in local government debts in China, and there is no assurance that the Group’s financing model and business model will not be materially affected as a result.

The Group’s operating results may vary significantly from period to period.

For the years ended 31 December 2018, 2019 and 2020, the Group’s operating income was approximately RMB48,114 million, RMB31,431 million and RMB29,456 million, respectively. The decrease in the Group’s operating income in 2020 compared to that in 2019 was primarily due to a decrease in the income which the Group’s construction material business and commercial real property development businesses realised from its projects. The decrease in the Group’s operating income in 2019 compared to that in 2018 was primarily due to a decrease in the income which the Group’s social housing development, urban renewal and commercial real property development businesses realised from its projects. As a main platform of the Shanghai Municipal Government engaging in urban renewal, the Group’s activities for any given year primarily depend on the development plan of the Shanghai Municipal Government and the relevant

project timetable, and is therefore difficult to predict. Moreover, the Group derives a large portion of its operating income from the sale of properties, the results of operations of which are affected by a number of relevant factors, including timetables of its property development projects, timing of the sale of properties that it has developed, its operating income recognition policies and any volatility in expenses, such as raw material costs. These and other factors beyond the Group's control may lead to fluctuations in its operating income from period to period, and make it difficult to predict its future financial performance. Period-to-period comparisons of the Group's operating results may not be as meaningful as they would be for a company with a more stable recurring operating income stream. See “– *Historical consolidated financial information of the Issuer may not be indicative of its current or future results of operations*” and “– *Risks Relating to Social Housing and Commercial Real Property Development – The PRC property market is cyclical, and the Group's commercial real property development business is susceptible to significant fluctuations*”.

Shanghai SASAC exerts significant influence on the Group's business.

As at the date of this Offering Circular, the Issuer is wholly and directly owned by Shanghai SASAC, which is responsible for the administration of many state-owned enterprises in Shanghai. As the Issuer's sole shareholder, Shanghai SASAC has a significant influence on the Group as it does with respect to many other local state-owned enterprises under its control, including the scope of its business, major investment decisions, development strategies, appointment of directors and certain senior management positions. When Shanghai SASAC carries out its administrative function and implements the PRC Government's policies, there can be no assurance that Shanghai SASAC would always take actions that are in the Group's best commercial interests or that aim to maximise the Group's profit. Those actions may be beneficial to Shanghai as a whole but could have an adverse impact on the Group's business, financial condition, results of operations and prospects. In recent years, the local counterparts of SASAC in many provinces and cities have directed reorganisation of local state-owned enterprises at a different scale, which are conducted in the forms of asset transfer, asset disposition and/or asset swap. It is difficult to foresee or control the occurrence of similar transactions directed by the governmental authorities and there is no assurance that the Issuer and the Group will not be adversely affected if any such reorganisation takes place.

The Group's business operations are capital intensive and may not be able to secure additional funding in the future to meet its capital expenditure requirements and other general corporate purposes.

Some of the Group's businesses require significant capital outlay, such as social housing development, construction of urban renewal projects and construction of commercial real property. To fund its future investments and expansion, the Group will continue to require additional capital resources. The Group's capital expenditure and investment plans are affected by a number of factors, such as changes in business plans, strategies and market conditions. Any adverse change in these factors may result in increases in actual investment and cost overruns, which in turn may adversely affect the results of operations and financial condition of the Group.

The Group has historically met its cash requirements by relying on (i) cash on hand and at bank, (ii) cash flow generated from operations and investment activities, (iii) government grants and subsidies and (iv) equity capital and debt financing. However, no assurance could be given that such sources would provide the Group with sufficient amounts of capital in a timely manner. The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the level of competition in sectors in which the Group operates. Any adverse change in any of these factors may result in capital shortfall. There is no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times. The Group has historically experienced net operating and investing cash outflows. See “– *The Group has historically experienced net operating and investing cash outflows*”.

The amount of the government grants and subsidies received by the Group fluctuates from time to time, and some of the grants are not recurring. For the years ended 31 December 2018, 2019 and 2020, the government grants and subsidies received by the Group were approximately RMB435 million, RMB308 million and RMB438 million, respectively. Whether or not the Group will receive the same amount of government grants, if at all, largely depends on the policies and future fiscal income of the Shanghai Municipal Government. The granting of the government subsidies is determined by the relevant governmental authorities in its discretion based on the Group's application. There is no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments as it has in the past.

If the Group is not able to satisfy its cash needs with its operating cash flow, cash reserves and/or government grants, it has to increase its reliance on external financing. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities (interest-bearing portion), long-term borrowings, bonds payable, long-term payables (interest-bearing portion) and other non-current liabilities (interest-bearing portion)) was approximately RMB99,905 million. As at 31 December 2020, the Issuer had credit

facilities in a total amount of RMB54,788 million, of which approximately 49 per cent. had not been used. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group, and success of the Group's business;
- the Group's ability to obtain the PRC Government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the PRC.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affect the Group's business, financial condition, results of operations and prospects. Substantial indebtedness will in turn increase the pressure on the Group's liquidity and cause additional operational risks. See *"The Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its future strategy and operations and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations"*.

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

The Group has relied, and may continue to rely, on external financing to satisfy a portion of its capital requirements and it has had a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities (interest-bearing portion), long-term borrowings, bonds payable, long-term payables (interest-bearing portion) and other non-current liabilities (interest-bearing portion)) was approximately RMB99,905 million, of which approximately RMB36,774 million would become due within 12 months. See *"Capitalisation and Indebtedness"*. In addition, the Group from time to time guarantees the indebtedness of its related parties and provides guarantee services to independent third parties in respect of their borrowings. See note 10 to the Issuer's Audited Consolidated Financial Statements which are included in this Offering Circular. If any of the guaranteed entities defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the guarantee to demand repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

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

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

In addition, the Group mortgages some of its assets, such as cash at bank and on hand, fixed assets, inventories, investment properties, intangible assets, projects under construction, bank acceptance bills and long-term equity investment, to finance its business operation, which may limit the Group's use of the mortgaged assets and adversely affect its operational efficiency. If the Group is unable to service and repay its debts under such financing facilities on a timely basis, the assets mortgaged to secure the Group's loans may be foreclosed or sold by the relevant lenders, which may adversely affect the Group's business, financial condition, results of operation and prospects.

As the Group's operations continue to expand and its capital requirements continue to grow, the Group may from time to time incur substantial additional indebtedness, which may, in turn, intensify the risks that the Group faces because of its current level of outstanding indebtedness. In the event that the Group fails to keep its indebtedness under a certain level, the funds available for various other business purposes may be limited, and its business, financial condition and results of operations may be materially and adversely affected.

Certain loan agreements to which any member of the Group may become parties may contain restrictive covenants, which will prevent or limit its ability to engage in certain activities, such as incurring additional indebtedness or declaring and making distributions. A failure by any of the relevant Group members to comply with the restrictions and covenants could lead to a default under the terms of those agreements and financial liabilities. In addition, some of the Group's loan agreements or the terms of some of the Group's other types of indebtedness contain cross-acceleration or cross-default provisions. A default under one loan or indebtedness may cause the acceleration of repayment of other debt, resulting in a default under the other loan agreements of, or constitute an event of default under the terms and conditions of other debt of the other Group members. Certain subsidiaries of the Group may in the future voluntarily schedule deferrals or arrangements with creditors with respect to their indebtedness, which deferrals or arrangements may contain additional restrictive covenants, impose more stringent capital and covenant compliance requirements or trigger cross-acceleration or cross-default provisions under other financial agreements. If any of these events occur, there can be no assurance that its assets and cash flow would be sufficient to repay in full all of its indebtedness which has become due and payable, or that it would be able to find alternative financing.

The Group faces risks of health epidemics and other disasters in China and overseas, which could severely disrupt its business operations. In particular, the Group could be materially and adversely affected by the recent COVID-19 outbreak.

The Group's business could be adversely affected by outbreaks of epidemics. Outbreaks of contagious diseases and other adverse public health developments in China or any other market in which the Group operates and conducts business could severely disrupt its business operations by damaging the demand for the products and services provided by it or impacting the productivity of its workforce. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu or SARS, may disrupt the Group's business operations, which could negatively affect its financial condition, operational results and future prospects. In addition, such an outbreak may result in restrictions on travel and public transport and prolonged closures of workplaces, which may have a material adverse effect on the global economy. In addition, its operations and financial position could be materially affected to the extent that a health epidemic or other outbreak harms the PRC and global economy in general.

In December 2019, an outbreak of COVID-19 emerged and expanded around the world in the following months. In March 2020, the World Health Organization declared COVID-19 as a pandemic. As the outbreak of COVID-19 in China hampered business activities, local governments issued various measures to support small and medium-sized enterprises. On 9 February 2020, the Shanghai Municipal Government issued relief measures to exempt small medium-sized enterprises which were badly affected by COVID-19 from paying rent on state-owned property for February and March 2020, provided that such property was leased for the purpose of production and business operation. The relief measures also encouraged commercial property owners to waive or reduce rent for tenants. Accordingly, the Group had reduced rent or exempted its tenants from paying rent in compliance with such government relief measures, resulting in a decrease in the Group's operating income generated from its real property leasing for the first half of 2020. In addition, to contain the spread of COVID-19, the PRC Government took a number of actions in February and March 2020, including but not limited to restrictions on public gatherings, strict quarantine and treatment measures for individuals who had COVID-19 or who have had close contact with confirmed cases, traffic control, formulating schedules for the resumption of business for enterprises, and other actions. In compliance with mandatory quarantine measures implemented by the Shanghai Municipal Government in an effort to contain the spread of COVID-19, the Group had suspended certain construction work undertaken by the Group and other business operations in February 2020. The Group did not encounter any resulting delays in the completion and delivery of projects.

Moreover, if any of the Group's employees were suspected of having contracted or transmitting an epidemic disease, it could adversely affect or disrupt the Group's daily operations, as the Group may be required to quarantine some or all of its employees, disinfect any potentially exposed buildings or sites, or even close some or all of its business to prevent the spread of the disease. The Group has adopted countermeasures to mitigate the impact of the COVID-19 outbreak to its operations, including but not limited to flexible work-from-home practices and procurement of supplies for pandemic prevention and control for its employees.

The Group is constantly assessing the actual and potential impact of COVID-19 on the Group's business and results of operations. Given the high uncertainties associated with COVID-19 at the moment, it is difficult to predict how long these conditions will last. The full extent to which COVID-19 impacts the Group's results will depend on future developments. These developments are highly uncertain and cannot be predicted, including new information which may

emerge concerning the severity of COVID-19, the actions to contain COVID-19 or treat its impact, the availability of one or more viable vaccines and the speed in which they can be distributed, as well as the overall impact on the financial market and economy in China and globally.

The Group is exposed to risks relating to its high level of inventories.

The Group has historically maintained a relatively high level of inventories. As at 31 December 2018, 2019 and 2020, the Group had inventories of approximately RMB107,660 million, RMB114,282 million and RMB138,623 million, respectively, representing approximately 37 per cent., 38 per cent. and 42 per cent. of the Group's total assets, respectively. The Group's inventories were primarily properties and infrastructure projects developed and constructed by the Group and the raw materials used in project construction. The Group had a high level of inventories during the past three years because the development of real properties and infrastructure projects requires a relatively long period of planning, construction and/or sales. A high level of inventories increases the pressure on the Group's cash flows. In addition, real property is inherently illiquid and may not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions.

High inventory levels also cause the Group to make provisions for impairment of fair value of inventories and, in turn, may materially and adversely affect its business, financial condition, results of operations or prospects. Although the Group endeavours to closely monitor its level of inventory to minimise its exposure to liquidity risk, there is no assurance that the measures the Group has adopted will be effective or that the Group can manage its inventories effectively or at all. Any failure to effectively manage its inventory level will have a material impact on the Group's cash flow and financial condition, thereby adversely affecting its ability to carry on ordinary business activities and to serve its outstanding indebtedness.

Significant amount of other receivables may affect the Group's liquidity.

As at 31 December 2018, 2019 and 2020, the Group's other receivables were approximately RMB12,069 million, RMB6,481 million and RMB5,303 million, respectively, representing approximately 7 per cent., 4 per cent. and 3 per cent., respectively, of the Group's total current assets. A majority of the Group's other receivables are receivables from its customers and related parties, including funds from the Group to its related parties and government-controlled entities and guarantee payments. According to the Issuer's accounting policies, it makes provisions for overdue receivables in its balance sheet as a reserve against the future recognition of certain other receivables or as bad debt. There are inherent risks associated with the Group's customers' or relevant government-controlled entities' ability to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition and results of operations.

The Group has historically experienced net operating and investing cash outflows.

For the year ended 31 December 2019, the Group had net operating cash outflows of approximately RMB7,832 million. The Group's net operating cash outflow was largely attributable to an increase in its expenditure for purchase of services and goods. Although the Group recorded net operating cash inflows of approximately RMB2,607 million and RMB1,176 million for the years ended 31 December 2018 and 2020, respectively, there is no guarantee that the Group will not experience net operating cash outflows in the future. In addition, the Group also recorded net cash outflows from investing activities of approximately RMB5,521 million, RMB7,314 million and RMB6,125 million for the years ended 31 December 2018, 2019 and 2020, respectively. If the Group has net operating cash outflow and/or net investing cash outflow positions in the future, the Group's operating activities may fail to generate sufficient cash to satisfy its cash requirements and working capital may be constrained, and the Group may have to increase its reliance on external financing to satisfy its working capital and capital expenditure, thus increasing its financial costs and financial vulnerability and adversely affecting its financial condition and results of operations. See “– *The Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its future strategy and operations and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations*” and “– *The Group's business operations are capital intensive and may not be able to secure additional funding in the future to meet its capital expenditure requirements and other general corporate purposes*”.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. The particular environmental, safety and health laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Efforts taken to comply with environmental, safety and health laws and regulations may result in delays in project development and cause the Group to incur substantial compliance costs.

Failure to comply with those regulations may result in fines or suspension or revocation of the Group's licenses or permits to conduct its business. Given the magnitude and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with the applicable environmental laws or safety regulations or requirements from any governmental authority which could have a material and adverse effect on its business, results of operations and financial condition. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC Government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

The Group operates and invests in many industries and is exposed to many risks and uncertainties that would not be encountered by companies operating in a single business division.

The Group operates through a large number of subsidiaries in many industries, including infrastructure construction, development and leasing of real property, production and sale of construction materials, provision of guarantee services and other sectors. There is no assurance that the Group can effectively manage its multiple business divisions and integrate its internal resources across different business divisions. Failure to do so may result in operational inefficiency, higher management costs, and other risks such as the following:

- The Group needs to devote significant resources to monitor the operations of each business and changes in their respective operating environment to assess their risks. If the Group does not effectively monitor these changes in the operating environment, its business, financial condition, results of operations and prospects would be adversely affected;
- The Group operates and invests in listed subsidiaries that are subject to different regulatory regimes. These regulations impose restrictions related to the transfer of funds or assets in or out of such companies and impose compliance obligations and costs including issuing announcements, obtaining independent shareholders' approval at general meetings and disclosing events in their annual reports. The market prices and trading volumes of the listed subsidiaries' shares may fluctuate significantly, which could in turn affect the return on the Group's investment; and
- The Group may face risks relating to ineffective management of its subsidiaries, senior management and employees. The success of the Group's operations requires effective management and performance incentives for management personnel. If there is any significant deficiency in the management and control systems of the Group, its business and financial operations would be adversely affected.

The Group is exposed to risks relating to related party transactions.

The Group has historically engaged in and may continue to engage in a broad range of transactions with its related parties. These transactions primarily include property leasing, and provision and receipt of services, goods and loans and advance payment. The details of the Group's related party transactions have been disclosed in note 13 of the Issuer's Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular. Although the Group has established a specific internal control system to minimise possible risks relating to related party transactions and historical related party transactions the Group entered into were on an arm's length basis, there is no assurance that in the future all the related party transactions will be entered into by the Group on an arm's length basis, which may affect the Group's business, operating efficiency and damage the Group's reputation.

The Group may not be able to successfully manage its growth.

The Group has historically focused on social housing development, urban renewal, construction, leasing and management of commercial real property and production and sale of construction materials, as well as provision of guarantee services. Over the years, the Group has diversified its business into senior care services and rural area revitalisation and development to further implement the Shanghai Municipal Government's development strategies as well as to continue developing other new business while maintaining sustainable growth of its existing business.

Whether the Group could successfully implement this growth strategy depends, to some extent, on its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental bodies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly developed operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

The Group may not be able to detect and prevent fraud, money laundering, other misconduct or other illegal or improper activities by its officers, employees, representatives, agents or other third parties in its business operations in a timely manner.

The Group may be exposed to fraud or other misconduct committed by its officers, employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects its reputation. In particular, the Group's operations are large in scale, which may render fraudulent, illegal, improper or unintended transactions difficult to detect. Such misconduct could include:

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

The Group is required to comply with applicable anti-money laundering laws and other regulations in the PRC and any other jurisdiction in which it operates or intends to operate. Any fraud, sales misrepresentation, money laundering and other misconduct committed by the Group's employees and agents and other external parties could result in violations of laws and regulations by the Group and subject it to regulatory sanctions. Even if such instances of misconduct do not result in any legal liabilities on the Group's part, they could cause serious reputational or financial harm to the Group.

While the Group is implementing policies and procedures aimed at detecting and preventing employees' and external parties' fraud, sales misrepresentation, money laundering and other misconduct, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect or prevent fraud, sales misrepresentation, money laundering or other misconduct in a timely manner, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these occurrences may materially and adversely affect its business reputation, financial condition and results of operations.

If the Group fails to maintain effective internal controls, its business, financial condition, results of operations and reputation could be materially and adversely affected.

The Group has been dedicated to establishing and maintaining risk management and internal control systems consisting of an organisational framework, policies, procedures and risk management measures that it considers to be tailored to the operations of each business segment. However, there is no assurance that such systems may be adequate or effective in identifying and mitigating its risk exposure in the market environments related to each business segment or against all types of risks that such business segment may be exposed to. Any failure of such systems to perform their functions as necessary and envisaged may result in an adverse effect on the Group's operations, which in turn could negatively impact its business, results of operations and financial condition.

The Group is subject to extensive regulatory requirements and any failure to comply with applicable laws, rules and regulations may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business activities are extensively regulated in China. According to applicable PRC laws and regulations, the Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements before it is qualified to carry on the relevant regulated business activities. For example, the Group is required to obtain a project approval, an environmental assessment approval, a construction land planning permit (建設用地規劃許可證), a construction project planning permit (建設工程規劃許可證), a construction permit (建築工程施工許可證) and a qualification certificate for infrastructure and real property construction in connection with the development of its property projects.

Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the business. These factors have caused and are expected to continue to result in uncertainties and inconsistent application, enforcement or interpretation of law in China. There is no assurance that the Group will be able to obtain the approvals, licences, permits and certificates necessary in a timely manner, or at all. Failure to obtain a project establishment permit could result in suspension of construction projects; the failure to obtain a land use permit could result in revocation of land use rights and compensation to third parties if any damage is caused; and the failure to obtain the approval in relation to the environmental impact assessment report could result in suspension of construction projects, fines and administrative penalties.

PRC governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's business operations. There is no assurance that the Group is able to comply with new laws, regulations or policies or fails to respond to any changes in the regulatory environment at all times or in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licenses and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If there is any material non-compliance by the Group, its permits, licenses and certificates may be suspended or revoked, or fines and other penalties may be imposed on it, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's insurance coverage may not adequately protect it against all operational risks.

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, the failure of equipment and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- economic loss due to product reclaims;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with applicable law and industry and business practice in the PRC. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group

suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

The Group's profit margin is sensitive to fluctuations in construction costs, especially raw material costs.

Construction costs account for the majority of the Group's cost of sales and are one of the significant factors affecting its financial condition and results of operations. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of raw materials, construction machinery, foundation and substructure, fittings, utility facilities and infrastructure such as roads and pipelines, and wages for construction workers. Raw material costs, especially the costs of cement, steel, concrete and gravel, are the principal component of the construction costs of the Group's construction business. The Group is exposed to the market risk of fluctuations in certain commodity prices for raw materials such as steel, cement, explosives, admixtures, track materials, waterproofing materials and other construction materials utilised in its construction projects. There have been significant fluctuations in raw material costs during 2018, 2019 and 2020 due to factors such as the PRC's import restrictions, consumer demand, production capacity and other market conditions. In particular, steel and cement, which are critical to the Group's operations, are subject to market pricing cycles and periodic shortages in the PRC. The Group is also affected by increases in energy prices, including electricity and fuel prices, for the operation of its construction machinery and equipment.

The rise of the prices of construction equipment and raw materials may impair the profit margin of the construction business of the Group. During 2018, 2019 and 2020, the Group did not engage in any hedging activities for raw materials. In line with industry practice, some of the Group's construction contracts contain price adjustment clauses, which, in case of a significant increase of the price of raw materials, allow the Group to reclaim from its clients additional raw material costs or require the Group to increase payments to subcontractors. However, even with the price adjustment clauses, the significance and relative impact of factors affecting the prices of equipment and raw materials are difficult to predict or quantify. Furthermore, for projects without a price adjustment mechanism, the Group is unable to pass on any increase in the cost of labour, raw materials or construction equipment to its clients. Given that the construction projects may last for several years, the volatility of raw material prices may materially and adversely affect the Group's business, prospects, financial condition and results of operations.

In addition, successful operations of the Group depend on its ability to obtain from its suppliers an adequate supply of raw materials, energy and other commodities of good quality and at acceptable prices in a timely manner. There is no assurance that the Group will be able to continue to obtain sufficient raw materials from its existing suppliers or from alternative sources at prevailing or acceptable prices, in a timely manner, or at all, which may materially and adversely affect the business and results of operations of the Group.

The Group relies on independent contractors or subcontractors to provide it with various services and cannot ensure that services performed by independent contractors will meet the Group's quality standards and timing requirements or will be provided within budget.

The Group engages independent third-party contractors or subcontractors to provide various services, including but not limited to design, construction, piling and foundation, engineering, interior decoration, gardening, landscaping works, mechanical and electrical installation and utilities installation. The Group generally selects independent contractors through an open tender process. Completion of the projects is therefore subject to the satisfactory performance of these independent contractors. The Group cannot assure investors that the services rendered by these independent contractors or subcontractors will be satisfactory or will meet the project timelines. If the performance of any independent contractor or subcontractors is not satisfactory or is delayed, the Group may need to replace the contractor or take other actions to remedy the situation, which could inflate construction costs and delay completion. Any of these factors may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's projects may not be completed on schedule or within budget, if at all.

The Group's development and construction projects require substantial capital expenditures prior to and during the construction period. One or more years may elapse before a project generates positive cash flows through project sale. The progress and costs for a development project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies and authorities;
- insufficient funding and withdrawal of credit by the Group's lenders;
- changes in market conditions;
- unforeseen engineering, design, environmental or structural problems;

- shortages or increased costs of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- health epidemics, adverse weather conditions, natural disasters or other force majeure events; and
- changes in government policies or in applicable laws or regulations.

Any of these factors may lead to construction delays or increased costs, may require changes to planned specifications or may ultimately end up with delays in the project. If a development project is not completed on time, other parties in the contract may be entitled to damages for late delivery or, under certain circumstances, may terminate the purchase contract and claim damages. Any such consequences may have a material adverse impact on the Group's reputation, business, financial condition, results of operations and prospects.

The Group's financial condition and results of operations may be affected by material fluctuations in interest rates.

On 28 December 2019, the PBOC published No. 30 Announcement (中國人民銀行公告[2019]第 30 號) ("No. 30 Announcement") requiring financial institutions to, beginning on 1 January 2020, shift from using the PBOC Benchmark Rate to the loan prime rate (the "LPR") as the reference rate in all floating rate loans (except for Personal Housing Accumulation Fund Loans). Starting from January 1, 2020, financial institutions can no longer sign floating-rate loan contracts based on the benchmark lending rate. Most of the Group's existing floating rate bank loans bear interests that accrue at rates linked to the LPR. Any significant fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations.

Failure to recruit and retain employees and labour unrest may materially and adversely affect the Group's operations.

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

Failure to maintain an effective quality control system could have an adverse effect on the business and operations of the Group.

The Group relies on its quality control system to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system may be affected by a number of factors, such as timely update of the quality control system to address the changing business need and the Group's and the contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of its contractors. Any failure or deterioration of the Group's quality control system could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. If any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties, as well as suffer from damaged reputation, all of which could have a material adverse impact on its business, financial condition and results of operations.

The Group may be subject to legal, litigation and regulatory proceedings.

The Group may from time to time be involved in disputes with various parties, including partners, contractors, suppliers, employees, customers and other third parties during the course of the Group's daily operations. Please see "Description of the Group – Legal Proceedings" and Note 9.2 (Major pending litigation or arbitration) to the Issuer's 2020 Audited

Financial Statements for further information. For instance, Mr Tong Jinquan (童錦泉), a party to a construction project, filed an action against the Issuer and other parties alleging default on the project in the First Intermediate People's Court of Shanghai in November 2020. The Issuer believes that the action is without merit. As at the date of this Offering Circular, the trial is ongoing. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to its developments and interruption to its operations. Furthermore, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If any disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may divert the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by it may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on the Group's financial condition, results of operations and cash flow.

Accidents in the Group's business operations may expose the Group to liability and harm its corporate image.

Some of the Group's operations are exposed to inherent occupational hazards involving handling of heavy machinery and hazardous chemicals, such as property development and infrastructure construction. Mishandling of heavy machinery and hazardous and industrial accidents could result in damage of the Group's production facilities, interruption of operations, personal injury or fatality, environmental damage, monetary losses and legal liability. Any of these accidents may have a material adverse impact on the Group's business, financial condition, results of operations and prospects. Also, it could significantly damage the Group's corporate image.

Although the Group has established and implemented internal protocols and systems relating to occupational safety, there is no assurance that those protocols and systems will be able to address all the potential risks effectively or that they will be strictly followed. As at the date of this Offering Circular, there is no industrial accident during the process of the Group's business, which has caused material monetary losses to the Group or has caused severe personal injuries or fatality. However, there can be no assurance that no industrial accident will happen in the Group's business operations in the future.

The Group is subject to joint venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Group's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Furthermore, the Group may not be able to control the decision-making process of the joint ventures as, in some cases, it does not have majority control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not experienced any significant problems with its partners to-date, no assurance can be given that disputes among its partners will not arise in the future that could adversely affect such projects.

The Group may not achieve the desired outcomes of any acquisitions or strategic investments that the Group undertakes.

The Group may in the future acquire other business or companies whose assets, operational capabilities and strategies the Group believes are likely to enhance its operational capabilities in the countries and territories in which the Group operates. Acquisitions involve numerous risks, including potential difficulties in the retention and integration of relevant personnel, risks and difficulties associated with integrating the operations and culture of the acquired business, the diversion of management attention and other resources, and lack of experience and knowledge in the industry and market of the acquired business. In addition, acquisitions may result in the incurrence or inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the acquired business or incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm the Group's results of operations and financial condition. In particular, if any of the acquired businesses fails to perform as the Group expects, the Group may be required to recognise a significant impairment, which may materially and adversely affect its results of operations. As a result, there can be no assurance that the Group will be able to achieve the strategic purpose of acquisition, the desired level of operational integration or its target investment return. It is also possible that the Group may not be able to find suitable acquisition or investment candidates, or that if the Group does identify suitable candidates, the Group may not complete those transactions on terms commercially acceptable to the Group or at all, or that the Group may fail to obtain the

required governmental and other approvals for such acquisitions or investments. The inability to find suitable acquisition or investment targets or the inability to complete such transactions may adversely affect the Group's business, financial condition and prospects.

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

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems of itself and its subsidiaries. If the Group's systems are not able to effectively address the issues arising from an increased business or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitation on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major systems failures and delays in the past, there is no assurance that its systems will not experience future systems failures and delays, or that the measures taken by it to reduce the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade its technology, systems and network infrastructure. There is no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade its systems and infrastructure to accommodate any increases in a timely manner.

The Issuer's auditor has received adverse regulatory decisions and warnings issued by relevant PRC authorities in recent years.

BDO, the Issuer's independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including MOF and CSRC. During the past few years, regulatory authorities including CSRC and its local branches have announced their administrative decisions against BDO in relation to its work for various companies. These companies were all unrelated to the Group. The decisions involved confiscation of revenue, temporary suspension of certain business, requirements to rectify any audit irregularities and fines for both the audit firm and the partners involved in the relevant audit work. BDO has confirmed that they have taken the required rectification measures and made the required written report to the relevant regulatory authorities. As at the date of this Offering Circular, BDO has not been suspended with respect to any part of its business.

If BDO is found to be deficient in performing its audit tasks for other companies, it could affect investors' confidence in companies and financial statements audited by it. There is no assurance that there will not be new investigations or administrative measures taken by relevant regulatory authorities against BDO in the future, nor can there be any assurance that further negative news about BDO would not have a material adverse effect on the Group.

Some members of the Group may become listed and therefore they may be subject to regulatory restrictions and listing requirements and the Group's shareholding or voting interests in such members may be diluted.

The shares of one or more members of the Group are, or may become, listed on one or more stock exchanges. For example, China Enterprise Company Limited (中華企業股份有限公司) (stock code: 600675SH) ("**China Enterprise**"), one of the Issuer's subsidiaries, has been listed on the Shanghai Stock Exchange since 1993. As a result, the entering into of certain transactions by China Enterprise may be subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. China Enterprise may therefore not be able to obtain financial support from the Group in a timely manner, or at all. In addition, in the event that the shares of one or more subsidiaries of the Issuer become listed on a stock exchange, the Issuer's shareholding or voting interests in such subsidiaries may be diluted. There can be no assurance that any such dilution in shareholding or voting interests will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The historical consolidated financial information of the Issuer is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies and/or applicable laws and regulations with retrospective impact on the Issuer's financial reporting or to reflect the comments provided by the Issuer's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Issuer's historical financial statements and that contained in its future financial statements.

Furthermore, the historical financial information of the Issuer included in this Offering Circular is not indicative of its current or future financial positions or financial results. This financial information is not intended to represent or predict

the results of operations of any current or future periods. The Group's future financial position or results of operations may change materially if its future development and growth does not follow historical trends for various reasons, including events or factors beyond its control, such as changes in the economic environment, PRC rules and regulations and the domestic and international competitive landscapes of the industries in which the Group operates its business.

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

The Issuer publishes its annual, semi-annual and quarterly financial information to comply with applicable PRC regulations and rules of the stock exchanges on which its debt securities are listed. Semi-annual financial information of and quarterly financial information of the Issuer published in China are derived from the Issuer's management accounts which have not been audited or reviewed by independent auditors. Such financial information should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any information that has been audited or reviewed. The Issuer is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

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

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other publicly available industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Group or any of the Group's or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, and, therefore, none of the Group or any of the Group's or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors makes any representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

Risks Relating to Social Housing and Commercial Real Property Development

The PRC Government may adopt measures aimed at slowing down growth in the real property sector.

Since 2005, the PRC Government has from time to time introduced various measures to curtail property speculation in response to concerns over, among other things, the increases in property investments and property prices and the overheating of the property market. For example, according to the Notice of the State Council on Issues Relating to Further Well Managing the Central Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) issued by the General Office of the State Council on 26 January 2011 and the Notice of the State Council on Continuity to Well Manage the Central Control Work of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) promulgated by the General Office of the State Council on 26 February 2013, the government would firmly restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. In October 2017, the 19th National Congress of the Communist Party of China delivered a report in which it reiterated that the PRC Government would pursue the healthy and stable development of real estate market and insist the principle that "housing is for living, not for speculation". Furthermore, on 19 May 2018, the MOHURD issued the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (Jianfang (2018) No.49) (關於進一步做好房地產市場調控工作有關問題的通知(建房(2018)49號)), which stipulates property developers can only use their own funds to purchase land. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures, which in turn could adversely affect the operating profit from the sale of real properties developed by the Group. On 20 August 2020, the MOHURD and PBOC emphasised the new regulation of "Three Redline (三道紅線)" in the Conference of Key Real Estate Enterprises (重點房地產企業座談會). The new regulation stipulates that the ratio of debt-to-asset (excluding advanced payments) of the property developer shall not exceed 70 per cent., its net debt ratio shall not exceed 100 per cent. and its cash-to-short-term debt ratio shall not exceed 100 per cent. Recently on 28 December 2020, the PBOC and CBIRC issued the Notice on Establishing Rules for the Management of Concentration of Real Estates Loans of Banking Financing Institutes (Yinfa [2020] No. 322) (中國人民銀行、中國銀行保險監督管

理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知) (銀發[2020]322 號) (“Circular 322”), which came into force on 1 January 2021. Circular 322 emphasised that for domestic banking financing institutes, the ratio of the balance of real estate loans to the balance of all RMB loans of a banking financial institution (excluding its overseas branches) shall satisfy the administrative requirements determined by the PBOC and CBIRC. The ratio set for major banks, such as Industrial and Commercial Bank of China, China Construction Bank and Bank of China, is 40 per cent., while the ratio set for medium-size banks, such as China Minsheng Bank and Bank of Shanghai, is 27.5 per cent. The small-size banks, including municipal commercial banks, private-owned banks and rural financing corporation institutes, is required to comply with certain ratios lower than 22.5 per cent. The Group cannot ensure that the PRC Government will not adopt additional and more stringent measures to further dampen the growth of the property sector, which could slow down property development in China. This may have a material adverse effect on the Group’s business, financial condition and results of operations.

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

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

The PRC property market is cyclical, and the Group’s commercial real property development business is susceptible to significant fluctuations.

The PRC property market is, and is expected to continue to be, cyclical as a result of changes in market supply and demand. The rapid expansion of the property market in certain major cities in the PRC, including Shanghai, Guangzhou and Beijing, in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property and rents in the second half of that decade. In addition, there was also a fall in property prices and rental yields during the economic downturn in 2008. Since the late 1990s, the number and price of residential property development projects have increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in major PRC cities such as Shanghai and Beijing have experienced rapid and significant growth. In recent years, however, risk of property oversupply is increasing in certain parts of China, where property investment, trading and speculation have become overheated. In the event of actual or perceived oversupply, together with the effect of the PRC Government’s policies to curtail the overheating of the property market, property prices may fall significantly and property sales and results of operations of the Group could be adversely affected. The growth of the property market in the PRC has become relatively flat in the last twelve months. It is uncertain what the effect of the lifting of the various government regulations on the property market will be as ultimately property prices are driven by demand and supply. There can be no assurance that oversupply and a crash in property prices will not recur in the PRC property market. To the extent that supply in the overall property market significantly exceeds demand, the Group may be affected by significant market downturns, and its sale of commercial real properties, financial condition and results of operations could be materially and adversely affected.

In addition, the results of operations of the Group’s commercial real property development business are subject to seasonality and may fluctuate from time to time. The number of properties that the Group could develop or complete during any particular period is subject to a number of factors including but not limited to availability of land, construction schedule, permit approvals and lengthy development periods before revenue and profit from developments are realised and recognised (in particular for projects that are developed in multiple phases over the course of several years). Therefore, the cyclical property market in the PRC affects the timing for the Group’s sale of completed properties. This cyclicity, combined with the lengthy time required for the completion of projects and the sale of properties, means that the results of operations of the Group relating to property development activities may be susceptible to significant fluctuations from year to year.

The Group's commercial real property development business is subject to increasing competition.

In recent years, an increasing number of property developers have commenced operations in Shanghai as well as other parts of the PRC. The major competitors of the Group's commercial real property development business include large international, national and regional property developers. Some of these developers have longer track records, greater financial, marketing and land bank resources, wider brand recognition and superior economies of scale. The Issuer expects competition in the PRC property sector to remain intense. The increasing number of property developers and the intensity of competition among property developers for land, financing, raw materials, skilled management and labour resources may result in increased costs for land acquisition, an oversupply of properties for sale, a decrease in property prices and a slowdown in the rate at which new property developments are approved by government authorities. Increased competition or other changes to market conditions may materially and adversely affect the business, financial condition and results of operations of the Group's commercial real property development business.

The Group may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future.

The growth of the Group's commercial real property development business depends on its ability to continue identifying and acquiring suitable land reserves located in desirable locations at commercially reasonable prices. The Group's ability to identify and acquire suitable sites is subject to a number of factors that are beyond its control. For example, the PRC Government controls land supply in the PRC and regulates land sales in the secondary market. As a result, the PRC Government's policies relating to land supply affect the Group's ability to acquire land use rights for sites the Group identifies for development and the costs of any acquisition. The PRC central and local governments may regulate the means by which property developers, including the Group, obtain land sites for property developments. In addition, there may not be land available in attractive locations in Shanghai or in the Group's target cities for new development or re-development. There is no assurance that the Group will be able to identify and acquire sufficient and appropriate sites at reasonable prices, or at all, in the future. Any inability to identify and acquire sufficient and appropriate sites for the Group's land reserves would result in uncertainties in its future development schedules, which in turn would have a material adverse effect on its future growth prospects, profitability and profit margins.

The Group's commercial real property business may be materially and adversely affected if mortgage financing becomes more costly, less attractive or less available for purchasers.

Most of the purchasers of the residential properties the Group develops and sells rely on mortgages provided by PRC commercial banks to fund their purchase. Mortgage financing relating to property purchase has been heavily regulated in the PRC. In the past few years, the PRC central and local governments introduced a number of policies and measures to control the fast increasing property prices and to curtail the overheating property market in the PRC, including:

- limiting the monthly mortgage payment to 50 per cent. of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55 per cent. of his or her monthly income;
- requiring all first-time home owner to make a down-payment of no less than 30 per cent. of the purchase price of the underlying property;
- requiring any second-time home buyer to make a down-payment of no less than 60 per cent. of the purchase price of the underlying property and to pay at a mortgage loan interest rate of no less than 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50 per cent. of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, while allowing commercial banks allowed flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45 per cent. of the purchase price of the underlying property, with the other terms similar to those of commercial properties; and
- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or more residential property, or to non-residents of a city who cannot provide proof of local tax or social security insurance payments for more than a one-year period.

The PRC Government also sought to control the development of the PRC property market by adjusting the benchmark lending interest rate. See "*Risks Relating to the PRC – Changes in the economic, political and social conditions in the*

PRC and policies adopted by the PRC Government could adversely affect the Group's business". A material increase in the interest rate may significantly increase the cost of mortgage financing and may affect the affordability of the Group's commercial real properties. All of these policies and measures have had a material impact on the property sales and prices of property in the PRC, including Shanghai. Continuous controls over mortgage financing for property purchase will reduce the availability and attractiveness of mortgage financing and many of the prospective purchasers may not be able to purchase the commercial real properties the Group develops. Accordingly, the Group's commercial real property business and its financial condition and results of operations may be materially and adversely affected.

The Ministry of Land and Resources may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.

Under applicable PRC laws and regulations, the Ministry of Land and Resources may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees for land which has been idle for one full year but less than two years. According to the Measures for the Disposal of Idle Land (閒置土地處置辦法), the state-owned construction land may be defined as idle land if (a) the user of state-owned construction land fails to commence construction within one year after the date specified in the Contract for Paid Use of State-owned Construction Land or the Land Allocation Decision, or (b) its development and construction has been suspended for one year where the construction has commenced with its development area accounts for less than one third of the total development area or its actual investment accounts for less than 25 per cent. of the total investment. The Ministry of Land and Resources has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, for land that is left idle, in particular idle real estate, a value-added land fee should be imposed for which the Ministry of Land and Resources should, in conjunction with relevant authorities, research and formulate detailed measures in a timely manner. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

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

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

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

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

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

liquidity and cash flows and have a material adverse effect on its business, financial condition, results of operations and prospects.

Changes in the laws and regulations with respect to pre-sale may adversely affect the Group's cash flow position and performance.

The Group uses proceeds from the pre-sale of its properties as a source of financing for its construction costs. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. On 13 April 2010, the MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing (Jian Fang [2010] No. 53) (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). The notice urges local governments to enact regulations on the sale of completed residential properties in light of local conditions and encourages property developers to sell residential properties only when they are completed. On 1 March 2013, the State Council issued the Notice on Continuing Adjustment and Control of Property Markets (關於繼續做好房地產市場調控工作的通知), which, among other restrictive measures, provides that local governments shall raise the threshold of commodity housing pre-sales, strengthen the licence management such as construction investment, and delivery time period, to guide real estate developers to price the commodity housing rationally, and steadily promote the reform of the pre-sale system of commodity housing. The local government may refuse to issue the pre-sale certificate to: (i) the development project, of which the pre-sale price is unreasonably high and the developer refuses to follow the guidance of the relevant government authority; and (ii) the commodity housing project, of which the developer does not accept supervision on the funds raised from the pre-sale of the relevant project. There can be no assurance that the PRC Government will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments and have a significant impact on the Group's cash flow and liquidity position. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of upfront expenditure the Group must incur prior to obtaining the pre-sale permit or any restriction on the use of pre-sale proceeds, would extend the time period required for recovery of the Group's capital outlays and would result in its need to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow results of operations and financial condition.

The Group is exposed to general risks associated with the ownership and management of investment properties.

A portion of the Group's operating income is derived from rental income from its public rental housing, its office buildings, shopping malls, stores, hotels, warehouses and other types of real property in Shanghai, which are held as investment properties. As such, the Group is also subject to risks related to the ownership and management of commercial real property for leasing including, amongst other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and relet space periodically and to pay the associated costs. The financial performance of the Group's public rental housing business or its commercial real property leasing business may be adversely affected by any of the foregoing factors.

In addition, changes to local, regional and national economic conditions may cause companies to downsize and even close their operations in the PRC, resulting in a decrease in the demand and rental rates of prime office buildings and retail space. The current and any continuing weak economic environment have also contributed and may continue to contribute to a more cautious view being taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the business, financial condition and results of operations of the Group's commercial real property leasing business.

The illiquid nature of, and the lack of alternative uses for, investment properties could limit the Group's ability to respond to adverse changes in the performance of its investment properties.

The Group holds several properties that it develops for investment purposes, such as its public rental housing properties and commercial real property for leasing. As at 31 December 2018, 2019 and 2020, the Group's investment properties amounted to approximately RMB19,036 million, RMB19,085 million and RMB20,634 million, respectively. Investment properties in general are relatively illiquid compared to other types of investments, such as securities. Therefore, the Group's ability to promptly sell one or more of its investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond the Group's control, including general economic conditions, the availability of mortgage financing and interest rates. The Group cannot predict whether it will be able to sell any of its investment properties at the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. In addition, investment properties may not

be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand, increased supply or other factors. Similarly, substantial capital expenditure may be required to correct defects or to make improvements before an investment property can be sold. These factors and any others that would impede the Group's ability to respond to adverse changes in the performance of the Group's investment properties may materially and adversely affect the Group's business, cash flows, financial condition and results of operations.

The Group may be subject to fines due to non-registration of leases.

The Group leases out the commercial properties held for investment and generate rental income from such leases. Pursuant to the Administration Measures for Commodity House Leasing (商品房屋租賃管理辦法) promulgated on 1 December 2010 and effective on 1 February 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases within 30 days after the execution of the lease. The Group may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000. The registration of these lease agreements, under which the Group is the lessor, requires additional steps to be taken by the respective lessees which are beyond the Group's control. The Group's lessees may not be cooperative and there is no assurance that the Group can complete the registration of these lease agreements and any other lease agreements that the Group may enter into in the future.

Risks Relating to Urban Renewal Business

The Group's engagement in certain urban renewal projects may affect its overall results of operations.

The Issuer is a state-owned enterprise under the direct supervision of Shanghai SASAC. As a state-owned enterprise, it is from time to time required to engage and participate in projects designated to serve the public interest and social welfare, such as public landscaping, flood walls along the Bund and transportation hubs. As such, these projects are in the public interest and do not generate revenue. However, since the Group's resources are limited, its engagement in such projects may affect its operating cash flow and decrease its capital to fund the business operations that yield more profits, which in turn may affect its overall results of operations.

The Group's urban renewal business and prospects to a large extent depend upon the budget and spending of the Shanghai Municipal Government on urban development.

The Group is tasked to implement the Shanghai Municipal Government's plans to develop, construct, renovate and improve dilapidated areas, and construct public infrastructure and ancillary commercial facilities in Shanghai and thus its business and prospects are heavily affected by the budget and spending of the Shanghai Municipal Government on urban development. Various factors can affect the scale, location and timing of the Shanghai Municipal Government's public investment plans related to urban renewal. These factors may include national and regional policies affecting the development of different industries and fiscal and monetary policies. Government budget and spending are also affected by government income and the general economic conditions in the PRC and Shanghai. Any slowdown in the economic growth in the PRC and Shanghai may adversely affect financial condition and fiscal income of the Shanghai Municipal Government, which may in turn cause the Shanghai Municipal Government to reduce its spending and budget on urban development and infrastructure investment. See “— Risks Relating to the PRC – China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain”.

There is no assurance that the urban development and infrastructure investment in Shanghai will continue to increase. If the public spending and budget of the Shanghai Municipal Government on urban development and infrastructure investment decrease, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Risks Relating to Construction Material Business

The Group is subject to product liability risks which could harm the Group's reputation and materially and adversely affect the Group's business, financial condition or results of operations.

According to the Product Quality Law of the PRC (中華人民共和國產品質量法), amended and effective on 29 December 2018, and other applicable PRC laws and regulations, manufacturers shall be responsible for the quality of products they produce and may be held liable for injuries or damage caused by defective products. The Group's products may expose it to potential product liability claims if its products are proven to be defective or if their use causes, results in or is alleged to have caused or resulted in personal injuries, project delays or damage or other adverse effects. Any product liability claim, whether relating to personal injuries, project delays or damages or regulatory action, could prove costly and time-consuming to defend and have the potential to harm the Group's brand reputation. If successful, product

liability claims may require the Group to pay substantial damages. Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation, as well as its business, financial condition or results of operations.

Moreover, any material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could lead to a product recall by the Group and result in increased product liability claims. If authorities in the jurisdictions in which the Group sells its products conclude that the Group's products fail to conform to applicable quality and safety requirements and standards, the Group could be subject to regulatory actions. In China, violation of the relevant PRC product quality and safety requirements may subject the Group to monetary and injunctive penalties, including orders to cease sale of relevant products or to cease operations pending the required remediation. Furthermore, if the violation is determined to be serious in nature, the Group's permits to manufacture or sell relevant products could potentially be suspended or revoked, and the Group could be subject to criminal liability.

Any failure by the Group to maintain relationships with its large suppliers or customers would have an adverse effect on the Group's business.

The Group's suppliers in its construction material business primarily include companies engaging in the production or sale of coal, coke, heavy oil, limestone, basalt, quartz and other mining and chemicals, while its customers primarily include large-scale construction companies as well as mixing stations, curtain wall construction companies, and automobile manufacturers in the PRC. There can be no assurance that the Group will be able to maintain or improve its relationships with its suppliers or customers, or that it will be able to continue to supply products to its customers at current levels or at all. In addition, demand for the Group's products is affected by the performance of its customers in the PRC and other overseas markets. Therefore, any decline in its major customers' businesses in such markets could lead to a decline in purchase orders from these customers. If the Group's customers were to substantially reduce the size or value of the orders they place with the Group or were to terminate their business relationships with the Group entirely, there can be no assurance that the Group would be able to obtain orders from other customers to replace any such loss of sales on comparable terms or at all. If any of these relationships were to be so altered and the Group were unable to obtain replacement orders, its business, financial condition, results of operations and prospects may be materially and adversely affected.

Risks Relating to Guarantee Business

The Group's guarantee business is subject to extensive regulation and supervision of the PRC central and local government authorities at various levels and failure to comply with applicable regulations may have a material adverse impact on the related business and results of operations.

The Group provides guarantees primarily for individual housing provident fund loans and commercial mortgages. These businesses are subject to extensive national, provincial and municipal laws, rules, regulations, policies and measures issued and enforced by the PRC central and local governmental authorities. The local authorities have broad discretion in implementing and enforcing the applicable rules and regulations. For this reason, there are significant uncertainties in the interpretation and implementation of such laws, rules, regulations, policies and measures. On certain occasions, verbal clarifications given by the government authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk. If the Group fails to fully comply with the applicable laws, rules, regulations, policies and measures or fails to respond to any changes in the regulatory environment in a timely manner, non-compliance and any delay may result in sanctions by regulatory authorities, to monetary penalties, or to restrictions on its activities or revocation of licenses, which could have a material adverse impact on its guarantee business and its results of operations. In addition, the PRC Governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's guarantee business operations. There is no assurance that the Group is able to comply with new laws, regulations or policies or fails to respond to any changes in the regulatory environment at all times or in a timely manner. For example, due to the repeal of the guarantee fee for the individual housing provident fund loan guarantee services in 2015 by the PRC Government, the Group only charges certain service fees for the provision of guarantee services for individual housing provident fund loan. The Group anticipates that the business scale of its guarantee services will reduce.

Risks Relating to the PRC

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

China's economy experienced rapid growth in the past 30 years. There has been a slowdown in the growth of China's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it

further decreased to 6.7 per cent. in 2016 on a year-on-year basis. According to the National Statistics Bureau of the PRC, for the years ended 31 December 2016, 2017, 2018, 2019 and 2020, China's GDP growth rate was 6.7 per cent., 6.9 per cent., 6.7 per cent., 6.1 per cent. and 2.3 per cent., respectively. In March 2016, Moody's changed the PRC Government's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the United Kingdom's exit from the European Union on 31 January 2020 has brought uncertainty to the economic conditions of the world, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility and a possible economic recession involving more countries and areas. On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including China, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. If economic conditions in the key markets of the Group remain uncertain and deteriorate further, the Group may experience a material impact on its business, operating results and financial condition.

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

Changes in the economic, political and social conditions in the PRC and policies adopted by the PRC Government could adversely affect the Group's business.

As substantially all of the Group's business operations are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's business, financial condition, results of operations and prospects may be affected by material changes in the political, economic and social conditions, laws, regulations and policies in China. The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasizing market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

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

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

Uncertainty with respect to the PRC legal system could affect the Group and may limit certain legal protection available to investors.

As substantially all of the Group's business operations are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as references. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties which may affect the Group and limit the legal protection available to investors. Such uncertainties are expected to continue to exist as the legal system in the PRC continues to evolve. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of its violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift judgment and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

The Group's land tax provisions and prepayments may not be sufficient to meet its land tax obligations.

In accordance with the provisions of the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) enacted on 13 December 1993 and amended on 8 January 2011 and the related implementation rules regarding land appreciation tax ("LAT"), all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation in the value of such properties. The PRC Government issues rules and regulations with respect to LAT, including rules and regulations relating to assessable rates, the deductibility of certain expenses and the collection and settlement of LAT. There is an exemption for the sale of ordinary residential properties developed by the taxpayer itself if the appreciation in the value does not exceed 20 per cent. of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and high-end commercial properties.

On 25 April 2016, the MOF and SAT jointly promulgated the Notice on Issues Relating to Tax Computation Bases for Deed Tax, Real Estate Tax, Land Appreciation Tax and Individual Income Tax following Implementation of the Pilot Scheme of Levying VAT in place of Business Tax (關於營改增後契稅、房產稅、土地增值稅、個人所得稅計稅依據問題的通知), effective on 1 May 2016, which provides that (i) income derived by taxpayer of LAT for transfer of real estate shall be income excluding VAT; (ii) VAT input tax pertaining to deductible items of LAT stipulated in the Provisional Regulations of the PRC on Land Appreciation Tax, which is allowed to be deducted from the output tax, shall be excluded from the deductible items; and (iii) where such VAT input tax is not allowed to be deducted from the output tax, it may be included in the deductible items.

The Group makes LAT prepayments and provisions in respect of its property development activities. There is no assurance that the relevant tax authorities will agree with its calculation of LAT liabilities nor is there any guarantee that the LAT provisions will be sufficient to cover its LAT obligations in respect of its past LAT liabilities. If the relevant tax authorities, in particular, the local tax bureau in cities and regions where the Group operates businesses, determine that the Group's LAT liabilities exceed its LAT prepayments and provisions and seek to collect that excess amount immediately, its business, financial condition or results of operations could, as a consequence, be materially and adversely affected.

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

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations. Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have

been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

The payment of dividends by the Issuer's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC law requires enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund its operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Group's subsidiaries may impact its ability to fund its operations and to service its indebtedness. In addition, this could limit the payments from the PRC subsidiaries to the Issuer. As a result of the foregoing, there is no guarantee that the Issuer will have sufficient cash flow to satisfy its obligations under the Bonds.

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

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

In addition, under the Regulations on Paid Annual Leave for Employee (職工帶薪年休假例條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to 15 days, depending on the length of the employees' length of employment. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law and the Regulations on Paid Annual Leave for Employees, the Group's labour costs (inclusive of those incurred by contractors) may increase. In addition, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the operating costs of the Group may also increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In addition, inflation in the PRC increases the costs of labour and the costs of raw materials. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The Group's results of operations may be materially and adversely affected by tax reforms in the PRC.

On 23 March 2016, the MOF and the SAT jointly released the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value Added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知(財稅[2016] 36 號)), pursuant to which business tax in certain industry sectors has been replaced by VAT with effect from 1 May 2016, as amended on 1 July 2017 and 1 April 2019, respectively. On 19 November 2017, the Interim Regulations of the PRC on Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the PRC on Value added Tax, selling goods, providing labour services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to VAT. There are still uncertainties as to the implementation procedures of the pilot programme. As such, the Group cannot assure investors that its tax liabilities will not increase as a result of the pilot programme referred to above, which may adversely affect its financial conditions and results of operations. The Group also cannot assure investors that the PRC governmental authorities will not impose a higher tax rate on the construction industry, property development and other related business of the Group in the PRC in the future. Any tax reform introduced by the governmental authorities in the PRC may increase its tax burden and have a material adverse impact on its financial condition and results of operations.

Risks Relating to the Bonds

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued, with a maturity term of one year or longer, outside the PRC with the NDRC prior to the issue of the securities and submit the information report within 10 working days after the completion of the issue of the securities. The Issuer has obtained the NDRC pre-issuance registration certificate on 21 October 2020 of which the validity period lasts for one year. There is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within the prescribed time after the Issue Date.

Pursuant to the Regulation of the People's Republic of China on Foreign Exchange Administration(2008)(中華人民共和國外匯管理條例(2008 修訂) (國務院令第五百三十二號)) promulgated by the State Council and the Notice of the State Administration of Foreign Exchange on Issuing the Measures for Foreign Debts Registration and Administration (外債登記管理辦法(匯發[2013] 19 號)) issued by the SAFE, which came into force on 13 May 2013, institutions and individuals who act in violation of foreign debt management regime such as unauthorised issuance of foreign debts will be warned by SAFE and will be imposed a fine of not more than 30 per cent. of the amount of violation. In addition, institutions and individuals who failed to submit foreign debt statistical reports, financial statements and any other records that is required, submit invalid or false documentation of foreign debt, or violate the administrative provisions on registration of foreign debt shall be ordered to correct the failure and/or be imposed a warning or even be fined of not more than RMB300,000 in the case of an institution or RMB50,000 in the case of an individual, issued by the SAFE and its local counterpart. In addition, the persons who is in charge of foreign exchange and other directly accountable personnel shall be punished and pursued the criminal liability in accordance with criminal law where it constitutes a criminal offence.

The PRC Government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

Shanghai SASAC is the sole shareholder of the Issuer and only has limited liability in the form of its equity contribution in the Issuer. As such, neither Shanghai SASAC nor any other PRC governmental entity (including the Shanghai Municipal Government) is an obligor and shall under any circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. The Bondholders do not have any recourse against Shanghai SASAC or any other PRC governmental entity (including the Shanghai Municipal Government) in respect of any obligation arising out of or in connection with the Bonds or the transaction documents. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. This position has been reinforced by, the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial

Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23 號)) (“**Circular 23**”) issued by MOF in March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706 號)) (“**Circular 706**”) jointly issued by the NDRC and MOF in May 2018, and the Notice of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises(國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (“**Circular 666**”). Neither Circular 23, Circular 706, nor Circular 666, however, prohibit the PRC Government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group’s assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer and Shanghai SASAC in this Offering Circular does not imply in any way any explicit or implicit credit support of Shanghai SASAC in respect of the Bonds, the repayment of which remains the sole responsibilities of the Issuer.

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

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

Investment in the Bonds involves risks. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor’s overall investment portfolio.

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

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

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

The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

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

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

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

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

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

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no active trading market. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to a limited number of investors. The Manager is not obligated to make a market in the Bonds, and if the Manager does so, it may discontinue such market making activity at any time at its sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds are denominated and payable in Renminbi. The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC Government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term.

An investor who measures investment returns by reference to a currency other than Renminbi would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is

translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or at any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 100 per cent. of their principal amount, together with accrued interest. If such a Change of Control were to occur or at maturity of the Bonds, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

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

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

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

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

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

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Persons considering the purchase of the Bonds should consult their own tax advisors concerning whether they would be treated as resident enterprises or individuals of the PRC, the possible tax consequences of buying, holding or selling any Bonds and the payment of taxes under the laws of their country of citizenship, residence or domicile.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") which took effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, respectively, and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated

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

In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. Pursuant to the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 30 June 2011 and amended on 31 August 2018, and its implementation regulations, gains realised on the transfer of the Bonds by individual holders of PRC residents for tax purpose will be subject to PRC individual income tax, unless otherwise reduced or exempted by PRC laws; gains realised on the transfer of the Bonds by individual holders of non-PRC residents for tax purpose may be subject to PRC individual income tax at a rate of 20 per cent. if such gains would be treated as PRC-source income derived by non-resident individuals, subject to adjustment by applicable treaty.

Under the Circular of Full Implementation of Business Tax to VAT Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) as supplemented by the Notice on Clarification of VAT Policies for Finance, Real Estate Development, Education Support Services etc. (財政部、國家稅務總局關於明確金融房地產開發教育輔助服務等增值稅政策的通知) jointly issued by the MOF and the SAT on 21 December 2016 and effective retroactively (excluding Article 17 thereof) as at 1 May 2016 and other related rules and regulations (together, the “**Circular 36**”), the Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Pursuant to the Law on Urban Maintenance and Construction Tax (城市維護建設稅法), the Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011 修訂)), the Notice of the Ministry of Finance on the Relevant Matters Regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知) and based on consultation with the Shanghai Taxation Bureau, a city maintenance and construction tax (7 per cent.), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) will be applicable when entities and individuals are obliged to pay VAT.

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

In addition, as there is no specific regulations or guidelines relating to the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there is uncertainty as to whether or not the China (Shanghai) Pilot Free Trade Zone resident investors would be treated as non-resident enterprises or individuals of the PRC. In the event that China (Shanghai) Pilot Free Trade Zone resident investors holding the Bonds are treated as PRC tax residents, such holders may be subject to additional PRC taxes (or higher PRC tax rates) in relation to any interest income or gains realised on the transfer of the Bonds. China (Shanghai) Pilot Free Trade Zone resident investors should further consult their own legal and tax advisors in relation to their EIT and IIT obligations.

Stamp duties may also be imposed during the issuance and transfer of the Bonds.

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer.

According to Interim Regulation of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on 6 August 1988, and implemented on 1 October 1988 and amended on 8 January 2011 and its implementation rules, enterprises or individuals which receive any of the instruments specified in these rules within the territory of PRC or to the extent that any such instruments have legally binding effect within the territory of PRC and are protected under PRC laws shall be obliged to pay relevant stamp duties in accordance with the provisions therein.

However, there are no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone. Although the issuance or transfer of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone may not be treated as the issuance or transfer of debt securities issuance in the PRC, there can be no assurance that if the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or use of any other taxable instruments in the PRC and thus be subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. Given that the Deed of Covenant will be executed in Shanghai, China, if the issuance of the Bonds is treated in the same way as the entering into of a loan contract, or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. the investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance and 0.05 per cent to the transfer of the Bonds (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

The China (Shanghai) Pilot Free Trade Zone bond market is a recent development and such FTZ bonds cleared through CCDC will be subject to the operational procedures and requirements of CCDC.

Bond issuances in the China (Shanghai) Pilot Free Trade Zone is a recent market development. FTZ bonds are cleared through CCDC and will be subject to the operational procedures and requirements of CCDC. CCDC is responsible for setting and has in place its own set of operational procedures and requirements for bond issuance, clearance and settlement. It also sets rules on who may invest and trade in the bonds issued in the China (Shanghai) Pilot Free Trade Zone. See “— An investor needs to maintain an account with CCDC to invest in and trade the Bonds”. As the market continues to develop, CCDC’s procedures and requirements may be amended from time to time. In addition, CCDC may, as it deems appropriate, amend the terms of the service agreements it has entered into with issuer and investor participants and such amendments would be binding. There are no assurances that CCDC’s current operational procedures will remain unchanged during the term of these Bonds.

The Bonds will be issued in uncertificated book-entry form entered in CCDC and accountholders of CCDC must rely on CCDC procedures.

The Bonds will be issued in uncertificated book-entry form entered in CCDC with CCDC entered in the register of the Bonds as the sole registered holder. CCDC will maintain records of the beneficial interests in the Bonds. While the Bonds are held in CCDC, investors will be able to trade their beneficial interests only through CCDC to another person who maintains a securities account with CCDC. Except in the circumstances described in the Terms and Conditions, investors will not be entitled to receive definitive Certificates.

While the Bonds are held in CCDC, the Issuer will discharge its payment obligations under the Bonds by making payments to CCDC for distribution to its accountholders.

An accountholder of CCDC who holds a beneficial interest in the Bonds must rely on the procedures of CCDC to receive payments under the Bonds. Each payment will only be made to either the Renminbi free trade account (自由貿易賬戶) maintained by or on behalf of the accountholder with a bank in the China (Shanghai) Pilot Free Trade Zone (“**FTZ Account**”), or, the Renminbi account maintained by or on behalf of it with a bank in Hong Kong. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Bonds.

An investor needs to maintain an account with CCDC to invest in and trade the Bonds.

As the Bonds will be issued in uncertificated book-entry form entered in CCDC, an investor needs to maintain an account with CCDC in order to invest in the Bonds. While the Bonds are entered in CCDC, the Bonds can only be traded between investors who maintain accounts with CCDC (and not with other clearing system). This requirement may make the Bonds difficult to trade and affect the liquidity of the Bonds.

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of any change in, or amendment to, the laws or regulations of the PRC (including the China (Shanghai) Pilot Free Trade Zone) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (Redemption for Taxation Reasons) of the Terms and Conditions.

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further securities constituted by a deed supplemental to the Deed of Covenant and having the same terms and conditions as the Bonds in all material respects (or in all material respects) save for the first payment of interest on them and the making of the NDRC Post-issue Filings (see “*Terms and Conditions of the Bonds – Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

Any amount received by Bondholders in their respective FTZ Accounts may be subject to certain restrictions.

FTZ Accounts are created and maintained pursuant to the Opinion of the People's Bank of China on Financial Support for Construction of China (Shanghai) Pilot Free Trade Zone (中國人民銀行關於金融支持中國(上海)自由貿易試驗區建設的意見) and other pilot rules, regulations, circulars or notes in connection therewith, which allow the remittance of the proceeds from the offering of the Bonds out of the China (Shanghai) Pilot Free Trade Zone (the “**Shanghai FTZ**”) or the remittance of money into the Shanghai FTZ. However, these rules in relation to FTZ Accounts are constantly evolving. There can be no assurance that if a Bondholder elects to receive the amounts payable under the Bonds in his or her FTZ Account, such amounts will not be subject to supporting documentation requirements or restrictions on foreign exchange conversion and/or offshore remittance and/or the maximum limitation which may apply to such FTZ Account in the future.

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

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

Risks Relating to Bonds Denominated in Renminbi

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal, premium and interest on the Bonds in Renminbi (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions

are known as current account items. Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are still being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which will have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their obligations under the Bonds.

Remittance of proceeds into or outside of the PRC in Renminbi may be subject to restrictions.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC governmental authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There can be no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds from the Shanghai FTZ into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds from the PRC into the Shanghai FTZ in Renminbi, it will need to source Renminbi in the Shanghai FTZ or elsewhere outside the PRC to finance its obligations under the Bonds, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Bonds and the ability of the Issuer to source Renminbi outside the PRC to service such Bonds.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Bonds. To the extent the Issuer is required to source Renminbi outside the PRC to service the Bonds, there can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds (as defined below) substantially in the form in which they (other than the text in italics) will be endorsed on the registered certificate.

These are the terms and conditions (“**Conditions**”) of CNY750,000,000 3.70 per cent. bonds due 2024 (the “**Bonds**”) of Shanghai Land (Group) Co., Ltd (上海地产(集团)有限公司) (the “**Issuer**”).

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 10 April 2020 and by the approval of the shareholder of the Issuer dated 7 May 2020.

The Bonds are constituted by and have the benefit of, a Deed of Covenant (as amended and/or supplemented from time to time, the “**Deed of Covenant**”) dated 20 October 2021 executed by the Issuer relating to the Bonds. An offshore bond issuance, registration, payment services agreement dated 18 October 2021 (the “**Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer, China Central Depository & Clearing Co., Ltd. (中央国债登记结算有限责任公司) (“**CCDC**”) as principal agent and the other agents named in it. The principal agent, the registrar and any transfer agent for the time being are referred to below respectively as the “**Principal Agent**”, the “**Registrar**” and the “**Transfer Agents**”. “**Agents**” means the Principal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Bonds. So long as CCDC acts as the Principal Agent and notwithstanding any provision to the contrary in these Conditions or the Deed of Covenant, CCDC has the right to amend the Agency Agreement (including its rules and procedures which forms part of the Agency Agreement) by publishing such amended Agency Agreement on its website. In such case, the Issuer may accept CCDC’s amendments to the Agency Agreement without the consent of the Bondholders if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of the Principal Agent. The holders of the Bonds are deemed to have notice of all the provisions of the Agency Agreement (as may be amended by CCDC from time to time) and the Deed of Covenant applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Deed of Covenant.

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each a “**Specified Denomination**”). The Bonds are issued in registered uncertificated form by entry in the Register and will not be serially numbered, unless otherwise agreed between the Issuer and the Principal Agent. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

The Bonds are debt obligations of the Issuer owing under the Deed of Covenant. Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Bondholder of the indebtedness of the Issuer to the relevant Bondholder which the Bondholder to whom those separate and individual obligations are owed is entitled to enforce without having to join any other Bondholder or any predecessor to title of a Bondholder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Bond shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it.

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

*The Bonds will initially be issued in uncertificated book-entry form entered in CCDC with CCDC entered in the Register as the sole registered holder. When the Bonds are entered in CCDC, a “**holder**” means the person in whose name an interest in the Bonds is entered on the books and records of CCDC and the amount of interest in the Bonds shown in the books and records of CCDC as held by the holder shall represent the entire holding of interest in the Bonds of that holder.*

If the Bonds are entered in CCDC, a holder may, on or after the Exchange Date, exchange its interest in the Bonds (as shown on the books and records of CCDC) in whole but not in part for registered certificates if (1) CCDC is closed for business for a continuous period of 14 business days (other than by reason of holidays, statutory or

otherwise) or announces an intention permanently to cease business or does in fact do so or (2) if principal in respect of any Bonds is not paid when due, by the holder giving notice to the Principal Agent of its election for such exchange.

“business day” means a day, other than a Saturday, Sunday or public holiday of the PRC or prescribed by special regulations, on which CCDC is generally open for business; and

“Exchange Date” means a day falling not less than 60 calendar days or, in the case of exchange following failure to pay principal in respect of any Bonds when due 30 calendar days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Agent is located and, except in the case of exchange pursuant to (1) above, in the city in which CCDC is located.

2 STATUS

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

3 TRANSFERS OF BONDS

(a) Register

The Issuer will cause the register (the “**Register**”) of Bondholders to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(d) and 3(e), a Bond may be transferred in whole or in part by depositing the form of transfer in the form as from time to time specified by, and obtainable from, the Principal Agent duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds entered in CCDC will be effected in accordance with the rules of CCDC in effect from time to time, and any transferee acquiring such interests in the Bonds will be required to have and maintain an account with CCDC.

(c) Formalities Free of Charge

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

(d) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after any such Bond has been put for redemption pursuant to Condition 6(c). In this Condition 3(d), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Deed of Covenant, including a requirement that the transferee represent and agree in the form of transfer that it or the person who will have the beneficial interest in the relevant Bonds is a qualified investor under applicable laws and regulations. The regulations may be changed by the Issuer, with the prior written approval of the Registrar.

4 COVENANTS

(a) Negative Pledge

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

(b) Notification to NDRC

The Issuer undertakes that it will (i) within the prescribed time file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資 [2015] 2044 號)) issued by the NDRC and effective as of 14 September 2015 (the “**NDRC Post-issue Filing**”) and (ii) comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, any rules issued by the NDRC from time to time).

(c) Notification of Completion of the NDRC Post-Issue Filing

The Issuer shall within ten PRC Business Days after submission of the NDRC Post-issue Filing, provide the Principal Agent with (i) a certificate in English in the form scheduled to the Deed of Covenant signed by an Authorised Signatory of the Issuer confirming the completion of the NDRC Post-issue Filing; (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any), each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original; (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five PRC Business Days after the documents comprising the Registration Documents are delivered to the Principal Agent, give notice to the Bondholders (in accordance with Condition 13) confirming the completion of the NDRC Post-issue Filing.

The Principal Agent shall have no obligation or duty to monitor or ensure the NDRC Post-issue Filing is made as required by Condition 4(c) or to assist with the NDRC Post-issue Filing or to verify the accuracy, validity and/or genuineness of any Registration Documents, and shall not be liable to Bondholders or any other person for not doing so.

(d) Financial Information

So long as any Bond remains outstanding (as defined in the Deed of Covenant), the Issuer shall furnish the Principal Agent with a Compliance Certificate of the Issuer and a copy of the relevant Audited Financial Reports in Chinese language within 150 days of the end of each Relevant Period prepared in accordance with Accounting Standards for Business Enterprises in the PRC (audited by a nationally recognised firm of independent accountants).

So long as any Bond remains outstanding (as defined in the Deed of Covenant), a Bondholder may give notice in writing to the Issuer (with a copy to the Principal Agent at its specified office) to obtain a copy of the most recently available Unaudited Financial Reports. Upon receiving such notice, the Issuer shall as soon as practicable and in any event within 15 days furnish the Principal Agent with a copy of such Unaudited Financial Reports for the Principal Agent to be provided to such Bondholder.

The Principal Agent shall not be required to review the Audited Financial Reports or the Unaudited Financial Reports delivered to it as contemplated in this Condition 4(d) and, if the same shall not be in the

English language, shall not be required to request or obtain an English translation of the same, and the Principal Agent shall not be liable to any Bondholder or any other person for not doing so.

(e) **Definitions**

In these Conditions:

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

“Authorised Signatory” means, in relation to the Issuer, any Director or any other officer of the Issuer, who has been authorised by the Issuer to sign the certificates and other documents required or contemplated under these Conditions, the Deed of Covenant or any other transaction document in relation to the Bonds on behalf of, and so as to bind, the Issuer;

“Compliance Certificate” means a certificate of the Issuer in the form scheduled to the Deed of Covenant signed by an Authorised Signatory of the Issuer that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the Issue Date or, if such an event had occurred, giving details of it; and
- (ii) the Issuer has complied in all respects with all its obligations under the Bonds, the Deed of Covenant and the Agency Agreement or, if such non-compliance has occurred, giving details of it;

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

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

“Potential Event of Default” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

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

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

“Relevant Indebtedness” means any indebtedness which is issued within the China (Shanghai) Pilot Free Trade Zone or otherwise outside the PRC with a maturity of more than one year and, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans;

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

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

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

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 20 October 2021 (the “**Issue Date**”) at the rate of 3.70 per cent. per annum, payable in arrear on 20 October in each year (each an “**Interest Payment Date**”) commencing on 20 October 2022. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which it shall be brought forward to the immediately preceding business day.

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

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

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5, the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Beijing.

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 20 October 2024 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 13 (which shall be irrevocable), at their principal amount (together with any interest accrued up to (but excluding) the date fixed for redemption) if (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as referred to in Condition 8) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 October 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Principal Agent (A) a certificate in English signed by any Authorised Signatory of the Issuer stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, satisfactory to the Principal Agent, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments and opinion.

(c) Redemption for Change of Control

Following the occurrence of a Change of Control, the Holder of any Bond will have the right (the “**Change of Control Put Right**”), at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) at 100 per cent. of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal 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 Agent (a “**Put Exercise Notice**”), by not later than 60 days following a Change of Control, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 13.

The “**Put Settlement Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

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

Not later than 30 days following the day on which the Issuer becomes aware of a Change of Control, the Issuer shall procure that notice regarding such Change of Control shall be delivered to the Principal Agent in writing and to the Holders (in accordance with Condition 13) stating:

- (i) the Put Settlement Date;
- (ii) the date of the Change of Control and, briefly, the events causing the Change of Control;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of the Principal Agent;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Change of Control Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

None of the Agents shall be required to monitor or to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and none of them shall be liable to Holders, the Issuer or any other person for not doing so.

For the purpose of these Conditions:

- (A) a “**Change of Control Event**” occurs when:
 - (i) Shanghai SASAC ceases to directly or indirectly hold or own at least 51.0 per cent. of the issued share capital of the Issuer; or
 - (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person or Persons, except where (x) such Person(s) (in the case of asset sale or transfer) or the surviving entity (in case of consolidation or merger) is/are Controlled by Shanghai SASAC or (y) such consolidation or merger or sale or transfer would not individually or in the aggregate have a Material Adverse Effect;
- (B) “**Control**” means (where applicable), with respect to a Person, either (i) of (ii) is satisfied: (i) the ownership, acquisition or control of more than 100 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (ii) the right to appoint and/or

remove a majority of the members of the relevant Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

- (C) "**Material Adverse Effect**" means an effect which could materially and adversely affect the ability of the Issuer to perform its obligations under the Bonds or the Deed of Covenant;
- (D) "**Shanghai SASAC**" means the State-owned Assets Supervision and Administration Commission of the Shanghai Municipal People's Government; and
- (E) a "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries.

(d) **Purchase**

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders and for the purposes of Condition 9 and Condition 11(a).

(e) **Notice of redemption**

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond, including any Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. None 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 Holders, the Issuer or any other person for not doing so.

7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) and interest shall be made in Renminbi by wire transfer to the registered account of the Bondholder.
- (ii) Payment of any amount on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**").

*For the purposes of this Condition 7, a Bondholder's "**registered account**" means either the Renminbi free trade account (自由貿易賬戶) maintained by or on behalf of it with a bank in the China (Shanghai) Pilot Free Trade Zone or, the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, in each case as nominated from time to time by the Bondholder and the details of which appear on the Register at the close of business on the Record Date.*

- (iii) If the amount of principal being paid is less than the amount then due, the Registrar will annotate the Register with the amount of principal so paid. If the amount of interest or premium (if any) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest or premium (if any) so paid.

*Notwithstanding the foregoing, so long as the Bonds are entered in CCDC, each payment in respect of the Bonds will be made to the person shown as the holder in the books and records of CCDC at the close of business of CCDC on the CCDC Business Day before the due date for such payments in accordance with the rules of CCDC, where "**CCDC Business Day**" means a day (other than a Saturday, Sunday or public holiday) upon which CCDC is operating.*

- (b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by wire transfer to a registered account in Renminbi, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day).
- (d) **Appointment of Agents:** The Principal Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal 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 Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 13.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day.
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Beijing.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer by or within the PRC (including the China (Shanghai) Pilot Free Trade Zone) up to and including the aggregate rate applicable on 18 October 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC (including the China (Shanghai) Pilot Free Trade Zone) in excess of the Applicable Rate, the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his PRC tax residency status or his having some connection with the PRC (including the China (Shanghai) Pilot Free Trade Zone) other than the mere holding of the Bond.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Holder of any Bond then outstanding may give notice in writing to the Issuer (with a copy to the Principal Agent at its specified office) that such Bond becomes immediately due and payable at its principal amount together with any premium and accrued but unpaid interest (if any).

An “Event of Default” occurs if:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal or premium (if any) of the Bonds when due or (ii) interest on any of the Bonds when due and such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds (other than those referred to in Condition 9(a) or where it gives rise to a redemption of such Bonds pursuant to Condition 6(c)), which default remains unremedied within 45 days after written notice of such default shall have been given to the Issuer by the Principal Agent; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which any of the events mentioned above in this Condition 9(c) have occurred equals or exceeds CNY200,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against Renminbi as quoted by People’s Bank of China on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or substantially all of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on all or substantially all of the assets of the Issuer or the relevant Principal Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 60 days; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries (i) is (or is, or could be, deemed by law or a court of a jurisdiction to which it is subject to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, (ii) stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any material part which it will or might otherwise be unable to pay when due), (iii) 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 substantially all of the debts of the Issuer or any of its Principal Subsidiaries, except for in the case of Condition 9(f)(i), 9(f)(ii) or 9(f)(iii), any of the events that would not, individually or in the aggregate, have a Material Adverse Effect (as defined in Condition 6); or
- (g) **Winding-up:** (i) an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except for the voluntary solvent winding-up of such a Principal Subsidiary), or (ii) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for in the case of Condition 9(g)(i) or Condition 9(g)(ii), any of the events that would not, individually or in the aggregate, have a Material Adverse Effect (as defined in Condition 6), or for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Bondholders, (y) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or

any of its Principal Subsidiaries, or (z) a disposal of or by a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) from such disposal shall be transferred to or otherwise vested in the Issuer or any of its Subsidiaries; or

- (h) **Government intervention:** all or any material part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiary is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, except for events which would not, individually or in the aggregate, have a Material Adverse Effect (as defined in Condition 6); or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, and (ii) to ensure that those obligations are legally binding and enforceable; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Deed of Covenant; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(h) (both inclusive).

For the purpose of this Condition 9, "**Principal Subsidiary**" at any time shall mean one of the Issuer's Subsidiaries:

- (i) as to which one or more of the following conditions is/are satisfied:
 - (a) its revenue or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated revenue is at least ten per cent. of the consolidated revenue of the Issuer and its Subsidiaries;
 - (b) its net profit or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated net profit is at least ten per cent. of the consolidated net profit of the Issuer and its Subsidiaries; or
 - (c) its total assets or (in the case of one of the Issuer's Subsidiaries which has one or more Subsidiaries) consolidated total assets are at least ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries;

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Issuer's Subsidiary and the Issuer's then latest audited consolidated financial statements, provided that: (1) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited financial statements of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest audited financial statements of the Issuer and its Subsidiaries adjusted to consolidate the latest audited financial statements of such Subsidiary in such financial statements (consolidated in the case of such Subsidiary which itself has Subsidiaries); (2) if, in the case of a Subsidiary of the Issuer which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated revenue, total assets and net profits shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose; or (3) if the financial statements of a Subsidiary of the Issuer (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Issuer then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Issuer requires, be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and its Subsidiaries; or

- (ii) to which is transferred all or substantially all of the assets of a Subsidiary of the Issuer which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (i) above) and the Issuer's Subsidiary to which the assets are so transferred shall become a Principal Subsidiary.

A certificate of an Authorised Signatory of the Issuer as to whether or not a Subsidiary of the Issuer is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

10 PRESCRIPTION

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

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made.

11 MEETINGS OF HOLDERS AND MODIFICATION OF DEED OF COVENANT AND AGENCY AGREEMENT

(a) Meetings of Bondholders

The Deed of Covenant contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions, including consideration of proposals, *inter alia*, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Deed of Covenant provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification of the Agency Agreement and the Deed of Covenant

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Deed of Covenant and Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

12 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further securities constituted by a deed supplemental to the Deed of Covenant and having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and making of the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 12 and consolidated and forming a single series with the Bonds.

13 NOTICES

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

public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any 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 Bonds are centrally held by CCDC, notices to the Bondholders shall be validly given by the delivery of the relevant notice to CCDC, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

14 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

15 Currency Indemnity

Renminbi is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than Renminbi (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the Renminbi amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Renminbi amount is less than the Renminbi amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

16 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Bonds and the Deed of Covenant, 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) Arbitration

Any dispute arising from or in connection with the Bonds and the Deed of Covenant shall be exclusively submitted to Shanghai International Economic and Trade Arbitration Commission/Shanghai International Arbitration Center for arbitration. The arbitration shall be held in The China (Shanghai) Pilot Free Trade Zone Court of Arbitration. The language of the arbitral proceedings shall be Chinese.

(c) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN CCDC

The Terms and Conditions and the Deed of Covenant contain provisions which apply to the Bonds while they are entered in CCDC. The following is a summary of certain of those provisions.

Unless otherwise defined or the context requires otherwise, terms defined in the Terms and Conditions set out in this Offering Circular have the meaning in the paragraphs below.

Form and Title

The Bonds will be issued in uncertificated book-entry form entered in CCDC with CCDC entered in the register of the Bonds as the sole registered holder. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Bond unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

Under the Deed of Covenant, the Issuer unconditionally and irrevocably undertakes to pay such principal, premium (if any), interest and any other amounts that may be payable on the Bonds to the holder of the Bonds in accordance with the Terms and Conditions.

A person in whose name an interest in the Bonds is entered on the books and records of CCDC will be entitled to have title to the Bonds registered in his name and to receive individual definitive Certificates if CCDC is closed for business for a continuous period of 14 business days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Such exchange will be effected in accordance with the provisions of the Agency Agreement, the Deed of Covenant and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Payment

So long as the Bonds are entered in CCDC, CCDC will act as the paying agent of the Bonds and make payments of any interest, principal and premium in respect of the Bonds in accordance with the terms of the Agency Agreement. Each payment in respect of the Bonds will be made to the person shown as the holder in the books and records of CCDC at the close of business of CCDC on the CCDC Business Day before the due date for such payments in accordance with the rules of CCDC, where “**CCDC Business Day**” means a day (other than a Saturday, Sunday or public holiday) upon which CCDC is operating.

Notices

So long as the Bonds are centrally held by CCDC, notices to the Bondholders shall be validly given by the delivery of the relevant notice to CCDC, for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions.

Bondholder’s Redemption

The Bondholder’s redemption option in Condition 6(c) (*Redemption for Change of Control*) of the Terms and Conditions may be exercised by the entitled accountholders by giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

Issuer’s Redemption

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

Transfers

Transfers of interests in the Bonds will be effected in accordance with the rules of CCDC in effect from time to time, and any transferee acquiring such interests in the Bonds will be required to have and maintain an account with CCDC.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be CNY750,000,000. After deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, the Issuer intends to use the proceeds for onshore project construction and refinancing of existing onshore debts.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2020 on an (i) actual basis and (ii) on an adjusted basis to give effect to the Bonds to be issued. The summary consolidated financial information below should be read in conjunction with the Issuer's 2020 Audited Consolidated Financial Statements included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted	
	(RMB'000)	(U.S.\$'000) ⁽¹⁾	(RMB'000)	(U.S.\$'000) ⁽¹⁾
Current indebtedness:				
Short-term borrowings.....	7,149,527	1,095,713	7,149,527	1,095,713
Non-current liabilities maturing within one year.....	20,673,703	3,168,384	20,673,703	3,168,384
Other current liabilities ⁽²⁾	8,951,063	1,371,810	8,951,063	1,371,810
Total current indebtedness	36,774,294	5,635,907	36,774,294	5,635,907
Non-current indebtedness:				
Long-term borrowings.....	37,011,487	5,672,259	37,011,487	5,672,259
Bonds payable	25,062,356	3,840,974	25,062,356	3,840,974
Long-term payables ⁽²⁾	57,100	8,751	57,100	8,751
Other non-current liabilities ⁽²⁾	1,000,000	153,257	1,000,000	153,257
Bonds to be issued ⁽³⁾	-	-	750,000	114,943
Total non-current indebtedness.....	63,130,943	9,675,240	63,880,943	9,790,183
Total indebtedness⁽⁴⁾.....	99,905,237	15,311,147	100,655,237	15,426,090
Total shareholders' equity	114,294,384	17,516,381	114,294,384	17,516,381
Total capitalisation⁽⁵⁾.....	214,199,621	32,827,528	214,949,621	32,942,471

Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.5250 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.
- (2) Interest-bearing portion.
- (3) Represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.
- (4) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.
- (5) Total capitalisation equals total indebtedness plus total shareholders' equity.

Since 31 December 2020, the Group has incurred additional indebtedness in its ordinary course of business to satisfy its capital needs, such as bank loans and the issuances of bonds in the China (Shanghai) Pilot Free Trade Zone, asset-backed securities, enterprise bonds and corporate bonds in the PRC domestic market. For details of issuances of offshore bonds, asset-backed securities, enterprise bonds and corporate bonds, see "*Description of the Group – Recent Developments*". As at 30 June 2021, the Group's total indebtedness increased compared to the balance as at 31 December 2020 primarily due to the increases in its short-term borrowings, long-term borrowings and bonds payable for the refinancing or repayment of its existing loans and general corporate purposes. The Group will continue to seek external financing in the form of bank borrowings and other debt instruments to fund its business operations and expansion and for general corporate purposes after the issuance of the Bonds.

Except as otherwise disclosed in this Offering Circular and above, there have been no material adverse changes in the total capitalisation or total indebtedness of the Group since 31 December 2020.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a state-owned enterprise directly and wholly owned by Shanghai SASAC. Since 2002, the Group has played an important role in implementing the Shanghai Municipal Government's blueprint for urban planning and municipal construction. The Group focuses on social housing development, urban development and renewal, commercial real property development, production and sale of construction materials, real property leasing, as well as the provision of senior care services, rural revitalisation and the guarantee business. Benefitting from strong support from the Shanghai Municipal Government toward its strategic development, the Group has experienced rapid growth and achieved major milestones. After more than a decade of efforts, the Group has gained extensive experience and expertise in the industries in which it operates. The Group believes that its achievements in completing many landmark projects in Shanghai, as well as its relationship with the Shanghai Municipal Government, has contributed to the Group's stable growth of total assets and business expansion and underpins the Group's contribution to Shanghai's social and economic development.

Set forth below is an overview of the principal business segments of the Group:

Social Housing Development. The Group is commissioned by the Shanghai Municipal Government to undertake the development, sale and leasing of social housing in Shanghai, including resettlement housing (動遷安置房), subsidised housing (經濟適用房) and public rental housing (公租房). The Group was among the first companies in Shanghai to undertake social housing development and is one of the largest developers in terms of the total GFA of the delivered properties with the most diversified portfolio of social housing projects. Over the past ten years, the Group has delivered a total site planned GFA of over 11 million sq.m. of resettlement housing projects with an aggregate of more than 100,000 units and completed nine public rental housing projects with an aggregate of approximately 10,000 units. As at 31 December 2020, the Group completed nine key social housing projects with a total GFA of approximately 3,999 thousand sq.m. and a total investment amount of approximately RMB25,709 million and had two key social housing projects under construction with an estimated total investment amount of approximately RMB39,200 million. As at the same date, the Group acquired 11 pieces of land for public rental housing projects planned to be constructed with a total planned GFA of approximately 1,117 thousand sq.m. and an estimated total of 10,864 units. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's social housing development business was approximately RMB2,899 million, RMB2,308 million and RMB3,269 million, respectively, representing approximately 6 per cent., 7 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's social housing development business was approximately RMB354 million, RMB230 million and RMB268 million, respectively, representing approximately 2 per cent., 2 per cent. and 2 per cent. of the Group's gross profit, respectively.

Urban Renewal. The Group is a key player in the execution of strategic planning for the Shanghai Party Committee and the Shanghai Municipal Government with respect to urban renewal in Shanghai. The Group is engaged in developing, constructing, renovating and improving urban villages, old districts and industrial parks, as well as preserving historical sites. The major projects undertaken by the Group include the renovation of urban villages in Pudong Sanlin Green Corner (浦東三林楔形綠地), Baoshan New Good City (寶山新顧城), Jinshan Zhujiang Town (金山朱涇鎮) and Minhang Zhuanqiao (閔行頤橋) and the renovation project of old districts in Hongkou District Dong Yu Hang Road (虹口區東餘杭路(一期)舊區改造項目) and Huangpu District Qiaojia Old District (黃浦區喬家路舊區改造項目), among other urban renewal projects. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's urban renewal business was approximately RMB10,611 million, RMB4,440 million and RMB4,324 million, respectively, representing approximately 22 per cent., 14 per cent. and 15 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's urban renewal business was approximately RMB7,195 million, RMB3,209 million and RMB2,320 million, respectively, representing approximately 36 per cent., 24 per cent. and 21 per cent. of the Group's gross profit, respectively.

Commercial Real Property Development. The Group's property development business covers commercial real property construction, sale and operation with a diverse portfolio of property developments, principally comprised of residential and office building development, supplemented by hotel and retail property development. The Group conducts its commercial real property development business through its subsidiary, China Enterprise Company Limited (中華企業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600675SH) ("China Enterprise"). The Group's geographical advantage in Shanghai, combined with its extensive experience, has positioned it to become a strong force in the real estate market in Shanghai. As at 31 December 2020, China Enterprise had eight commercial real property projects under construction with a total planned GFA of approximately 770 thousand sq.m., among which four projects are located in Shanghai, three projects are located in Jiangsu province and one project is located in Jilin province. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's commercial real property development business was approximately RMB22,891 million, RMB12,169 million and RMB11,552 million,

respectively, representing approximately 48 per cent., 39 per cent. and 39 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's commercial real property development business was approximately RMB10,136 million, RMB6,896 million and RMB4,932 million, respectively, representing approximately 50 per cent., 51 per cent. and 44 per cent. of the Group's gross profit, respectively.

Construction Material Business. The Group's construction material business primarily covers (i) an advanced manufacturing business focusing on high-end manufacturing and further processing applications; (ii) a new materials business focusing on manufacturing building materials and green building materials; (iii) an energy conservation and environmental protection business focusing on the renovation and upgrading of existing buildings; and (iv) a production business focusing on integrated supply, testing and certification of building materials. The Group's construction materials are widely used in landmark projects and buildings, such as Shanghai Tower (上海中心大廈), Pudong International Airport (浦東國際機場) and Yangshan Port (洋山深水港). For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's construction material business was approximately RMB5,883 million, RMB6,141 million and RMB5,072 million, respectively, representing approximately 12 per cent., 20 per cent. and 17 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's construction material business was approximately RMB768 million, RMB1,009 million and RMB926 million, respectively, representing approximately 4 per cent., 8 per cent. and 8 per cent. of the Group's gross profit, respectively.

Real Property Leasing. The real property leasing business operated by the Group primarily consists of the leasing of office buildings, shopping malls, stores, hotels, warehouses and other types of real property in Shanghai. As at 31 December 2020, the Group primarily held three properties for leasing with an aggregate leasable area of approximately 261 thousand sq.m and an aggregate rental income of approximately RMB261 million for the six months ended 31 December 2020. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's real property leasing business was approximately RMB2,139 million, RMB2,398 million and RMB2,134 million, respectively, representing approximately 4 per cent., 8 per cent. and 7 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's real property leasing business was approximately RMB881 million, RMB863 million and RMB934 million, respectively, representing approximately 4 per cent., 6 per cent. and 8 per cent. of the Group's gross profit, respectively.

Other Businesses. The Group also undertakes other businesses, including senior care services, rural revitalisation and guarantee business. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other businesses was approximately RMB3,691 million, RMB3,975 million and RMB3,106 million, respectively, representing approximately 8 per cent., 13 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's other businesses was approximately RMB836 million, RMB1,243 million and RMB1,725 million, respectively, representing approximately 4 per cent., 9 per cent. and 16 per cent. of the Group's gross profit, respectively.

The Group generated operating income of approximately RMB48,114 million, RMB31,431 million and RMB29,456 million for the years ended 31 December 2018, 2019 and 2020, respectively, and generated gross profit of approximately RMB20,172 million, RMB13,449 million and RMB11,104 million for the years ended 31 December 2018, 2019 and 2020, respectively. See "Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period".

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths as outlined below distinguish it from its competitors and are important to its success and future development:

Well-positioned to leverage the strategic position of Shanghai to achieve business growth

The Group, established and developed in Shanghai, has fully benefited from the development and strategic position of this city. Shanghai is one of China's most important international economic, financial, trade, shipping and science and technology innovation centres and the bridgehead of the Belt and Road Initiative. Shanghai has held the leading position in the country's industrial development, finance, high-tech innovation, logistics and other fields. According to data from Shanghai Municipal Bureau of Statistics and National Bureau of Statistics, Shanghai's total industrial output value increased from RMB24,888 billion to RMB35,487 billion from 2009 to 2019, representing a compound annual growth rate of approximately 4 per cent.; Shanghai's per capita disposable income in 2019 ranked first in China.

Shanghai's strategic importance was further exemplified by the Outline of the Yangtze River Delta Regional Integrated Development Plan (長江三角洲區域一體化發展規劃綱要) issued by the CPC Central Committee and the State Council

in 2019. According to this development initiative, Shanghai is positioned to take the leading role to drive the integrated development of the Yangtze River Delta Region and is tasked to set an example for cities and areas of the Yangtze River Delta Region, particularly in rural and urban development, as well as public facilities and services. The Group believes the strategic position of Shanghai and the PRC Government's development plan has created and will continue to create an attractive external environment for the Group's long-term development.

As the Group is the main platform of the Shanghai Municipal Government to develop public facilities and other municipal infrastructure in the urban and rural areas in Shanghai, the Group believes that it has benefited, and will continue to benefit from the strategic position of Shanghai and the continuous development of Shanghai, which has brought and will continue to bring significant business opportunities to the Group.

Strong support from Shanghai SASAC and the government

Shanghai SASAC is the sole shareholder of the Issuer and is one of the largest state-owned enterprises in Shanghai. Since the Issuer's establishment in 2002, the Group has played an important role in implementing the Shanghai Municipal Government's blueprint for urban planning and municipal construction and benefits from a strong supportive stance adopted by the central and local government toward its continuous development.

The Group has received strong support from Shanghai SASAC, including the injection of high quality assets and capital support, which has enabled the Group to build a fully integrated industry chain. For example, in 2014, Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司), a large-scale state-owned capital management company, transferred all of its equity interest in Shanghai Building Materials (Group) Co., Ltd. (上海建材(集團)有限公司) to the Issuer with nil consideration pursuant to Shanghai SASAC's approval. Shanghai Building Materials (Group) Co., Ltd. has extensive expertise and experience in offering integrated solutions for environmentally friendly construction materials with a focus on design, research, manufacturing and engineering applications of construction materials, and provision of building material related services. This asset injection enabled the Group to expand its traditional construction business into the construction material industry and provide comprehensive solutions covering every phase of construction projects. In addition, Shanghai SASAC has injected capital into the Issuer, including approximately RMB8,650 million in 2018, RMB1,100 million in 2019 and RMB442 million in 2020, which were recorded as capital reserves.

The Group has also enjoyed, among other forms of government support, government grants, subsidies, tax rebates and preferential tax treatment from the PRC Government to support the Group's operations over the past several years. The Group received government grants and subsidies of approximately RMB435 million and RMB308 million and RMB438 million for the years ended 31 December 2018, 2019 and 2020, respectively. In addition, in 2020, ten subsidiaries within the Group were recognised by the government as high-tech enterprises and thereby became eligible for certain preferential enterprise income tax rate, while one subsidiary of the Group was subject to preferential enterprise income tax rate pursuant to China Western Development policy. The Group believes that it will continue to leverage, and benefit from the strong support of Shanghai SASAC and the PRC Government to foster its sustainable, long-term development.

In addition, due to its positioning and platform, the Group receives strategic guidance for its development from Shanghai SASAC and has been tasked to perform substantial and critical quasi-governmental functions in city construction and municipal development in Shanghai. Accordingly, the Group possesses an important and diversified investment portfolio and has been involved in many projects which are significant to Shanghai's social and economic development. For example, the Group is tasked to undertake the construction project of Hongqiao Comprehensive Transport Hub and the development and operation of the municipal infrastructure and facilities along the waterfront areas of both banks of the Huangpu River in Shanghai. The Group believes that its achievement as well as its relationship with the Shanghai Municipal Government has contributed to the Group's stable asset expansion and has underpinned the Group's contribution to Shanghai's social and economic development.

Proven track record with extensive experience and strong presence in development projects of Shanghai

Over the past ten years, the Group has delivered a total planned GFA of over 11 million sq.m. of resettlement housing projects with an aggregate of more than 100,000 units and completed nine public rental housing projects with an aggregate of approximately 10,000 units. The Group is also one of the main entities designated to engage in urban renewal projects in Shanghai. The major projects undertaken by the Group include the renovation of urban villages in Pudong Sanlin Green Corner (浦東三林楔形綠地), Baoshan New Good City (寶山新顧城), Jinshan Zhujing Town (金山朱涇鎮) and Minhang Zhuanqiao (閔行顯橋) and the renovation project of old districts in Hongkou District Dong Yu Hang Road (虹口區東餘杭路(一期)舊區改造項目) and Huangpu District Qiaojia Old District (黃浦區喬家路舊區改造項目), among other urban renewal projects.

In addition, the Group conducts its extensive commercial property development business through its subsidiary, China Enterprise, a company listed on the Shanghai Stock Exchange (stock code: 600675SH). It has built many of the iconic

buildings in Shanghai, including Haiyi Garden (海怡花園), Zhonghua Enterprise Building (中華企業大廈), Overseas Chinese Building (華僑大廈), Huaihai Zhonghua Building (淮海中華大廈), Jiang'an Zhonghua Building (靜安中華大廈), Gubei International Fortune Centre (古北國際財富中心) and Shanghai Port International Passenger Transport Centre (上海港國際客運中心).

By undertaking these projects, the Group has accumulated extensive experience and established a proven track record. Most importantly, the Group has established itself as a prominent urban development platform with a strong presence and leading market position in Shanghai.

Diversified business portfolio with synergies among different business segments

Throughout more than 18 years of evolution and continual development, as well as its participation in developing and constructing high profile projects, the Group has transformed from a development and construction company to one that offers a comprehensive array of construction services. By extending along the value chain focusing on the core construction business, the Group has built a diversified portfolio of businesses including provision of planning, design, construction and advisory services, supported by its property leasing and management businesses, underpinned by its construction material businesses and guarantee services for individual housing provident fund loans. The Group is dedicated to becoming an integrated service provider throughout the life cycle of development and construction process.

The Group has also expanded its business into senior care and other businesses in recent years to supplement its core business. Although these businesses are financially insignificant to the Group at their current stage, the Group believes that by diversifying its business portfolio, the Group will capture commercial opportunities throughout the various development stages of Shanghai, which in turn will improve the Group's profit margins and reduce concentration risks by allowing for a more coordinated and efficient planning and allocation of resources.

Diversified financing channels and prudent financial policies

The Group has a proven track record of raising finance through diverse channels, including equity capital markets, bank loans and domestic bond offerings in the PRC, to support its business development. However, it has also implemented prudent financial policies, which mainly cover comprehensive budget management and capital management, to maintain a strong credit profile and balance sheet position, as well as comply with the requirements of Shanghai SASAC. The Group also maintains strict control over its level of indebtedness. In particular, the Group has maintained a debt to asset ratio below 66.0 per cent. for the past three years. As at 31 December 2020, total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities (interest-bearing portion), long-term borrowings, bonds payable, long-term payables (interest-bearing portion) and other non-current liabilities (interest-bearing portion)) of the Group amounted to approximately RMB99,905million, respectively.

The Group has maintained close and stable relationships with many major financial institutions in the PRC, such as Shanghai Pudong Development Bank, Bank of Shanghai, Agricultural Bank of China, China Construction Bank, Bank of Communications and other major banks. As at 31 December 2020, the aggregate credit facilities of the Issuer amounted to approximately RMB54,788 million, of which 49 per cent. had not been utilised. The Group believes that its access to a variety of financing channels will enable it to enjoy sustained development in the long-term.

Experienced management team and well-established corporate governance structure

The Group has implemented corporate governance policies that are reliable, effective and consistent with modern corporate governance practices. Its corporate governance policies cover all aspects of daily operations such as production safety, risk management and capital management. The Group has established 15 departments, including strategic investment, planning and design, compliance, audit, project management, asset management, finance management, capital management, human resources, early-stage management, CPC working group, discipline inspection and supervision, labour union, youth league committee and the general office, to oversee different aspects of the Group's daily operations.

The Issuer's board of directors and senior management have extensive experience in the management of large state-owned enterprises and in related industries. See "*Directors, Supervisors and Senior Management*". Under the sound leadership of its management team and by leveraging management's past experience, the Group has achieved and maintained its success over the years and distinguished itself from its competitors.

BUSINESS STRATEGIES

The Group aims to maintain its dominant role in social housing development, urban renewal, municipal construction and development in Shanghai and also actively develop its other businesses. With the vision to promote further development of Shanghai, the Group intends to implement the following business strategies:

Continue to focus on the Group's core business and expand into industries which provide synergies with the Group's core business

According to the Outline of the Yangtze River Delta Regional Integrated Development Plan (長江三角洲區域一體化發展規劃綱要) issued by the CPC Central Committee and the State Council in 2019, Shanghai is the key connector for coordinated development of adjacent areas to further enhance innovative capabilities and competitiveness of the Yangtze River Delta Region, which is critical to China's economic and social development. The Group believes such favourable policies will lead to further growth opportunities.

During the past few years, through successfully delivering a series of urban renewal, social housing and infrastructure construction projects, the Group has built a strong presence in Shanghai and also recorded a significant amount of revenue from these core businesses. The Group will continue to focus on urban renewal, social housing development and infrastructure and public facilities development in Shanghai. In addition, the Group will continue to promote the concept of "inter-regional cooperation and inter-brand collaboration (區區合作、品牌聯動)" to seek more development opportunities by cooperating with cities in proximity to Shanghai to capture growth opportunities and further enhance its core competencies.

In recent years, the Group has gradually expanded its business portfolio to engage in senior care business to better realise Shanghai Municipal Government's goal to provide better welfare to elderly citizens as well as to create valuable synergies that can be leveraged for the Group's continuous growth. By leveraging its extensive construction and project management experience, the Group is building and will continue to build senior care apartments and other related facilities to establish comprehensive senior care centres.

Fully commit to the Group's responsibilities as a wholly state-owned urban development platform

The Group is a wholly state-owned operating platform with Shanghai SASAC as its sole shareholder. One of the Group's missions is to serve as a policy implementation platform of Shanghai Municipal Government, to contribute to the state-owned assets reform of China Enterprise and Shanghai Building Materials (Group) Co., Ltd. (上海建材(集團)有限公司), to improve and streamline its management structure of Hongqiao area and to efficiently manage the Group's assets, so that synergies can be created between the Group's different business segments and enhance risk mitigation. The Group will continue to be fully committed to leveraging its expertise, gained over years of operations in the city construction industry, to undertake important tasks as mandated by Shanghai Municipal Government.

Strengthen management and internal control systems

The Group will continue to improve and streamline its management structure and internal control systems so as to increase its capability in terms of safety and quality control. In addition, the Group considers effective project management to be critical to enhancing its overall operational efficiency. The Group will put in place protocols to implement, over time, the coordination of tendering and bidding management among various operational units. The Group will also allocate more resources to research and development for construction, new technologies and products, and project and operation management.

RECENT DEVELOPMENTS

Financial performance of the Group as at and for the six months ended 30 June 2021

The Group has prepared its June 2021 Financial Information. For the avoidance of doubt, the June 2021 Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular.

For the six months ended 30 June 2021, the Group recorded an increase in its total operating income as compared to the same period in 2020. See "Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period". The Group's total operating costs for the six months ended 30 June 2021 increased correspondingly.

The Group's total assets as at 30 June 2021 increased steadily from 31 December 2020, mainly due to, among other things, increases in other receivables, other current assets, inventories, long-term equity investments and construction in progress. As at 30 June 2021, the Group's total liabilities also increased compared to that as at 31 December 2020. In

particular, the Group's short-term and long-term borrowings and bonds payable as at 30 June 2021 increased compared to that as at 31 December 2020, mainly due to its refinancing or repayment of existing loans and for other general corporate purposes.

Save for the financial information disclosed in the preceding paragraphs, the June 2021 Financial Information is not included in and does not form a part of this Offering Circular. The June 2021 Financial Information has not been audited or reviewed by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Issuer, the Group, the Manager or the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the June 2021 Financial Information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the selected financial information above was extracted from the June 2021 Financial Information, and is not to be, and should not be, taken as an indication of the expected financial condition or results of operations of the Issuer or the Group for the full year ending 31 December 2021.

Issuance of Onshore Corporate Bonds

In March 2021, the Issuer issued the first tranche corporate bonds "21 Hudichan 01" in the PRC in an aggregate principal amount of RMB3,000 million with a term of five years and an initial coupon of 3.97 per cent. See "*Capitalisation and Indebtedness*".

In September 2021, the Issuer issued the second tranche corporate bonds "21 Huidichan 02" and the third tranche corporate bonds "21 Huidichan 03" in the PRC. The second tranche corporate bonds "21 Huidichan 02" were issued in an aggregate principal amount of RMB2,000 million with a term of three years and a coupon of 3.20 per cent. The third tranche corporate bonds "21 Huidichan 03" were issued in an aggregate principal amount of RMB2,000 million with a term of five years and a coupon of 3.60 per cent.

Issuance of Onshore Asset-backed Securities

In March 2021, China Enterprise, one of the Issuer's subsidiaries, privately placed a series of asset-backed securities in the PRC. The first tranche, "Zhongqi Premium A", was issued on 31 March 2021 in an aggregate principal amount of RMB2,006 million with a term of 17.8493 years and an initial coupon of 4.15 per cent. The second tranche, "Zhongqi Premium B", was issued on 31 March 2021 in an aggregate principal amount of RMB687 million with a term of 17.8493 years and an initial coupon of 4.78 per cent. The third tranche, "Zhongqi Subprime", was issued on 31 March 2021 in an aggregate principal amount of RMB50 million with a term of 17.8493 years. See "*Capitalisation and Indebtedness*".

Issuance of Offshore Bonds in the China (Shanghai) Pilot Free Trade Zone

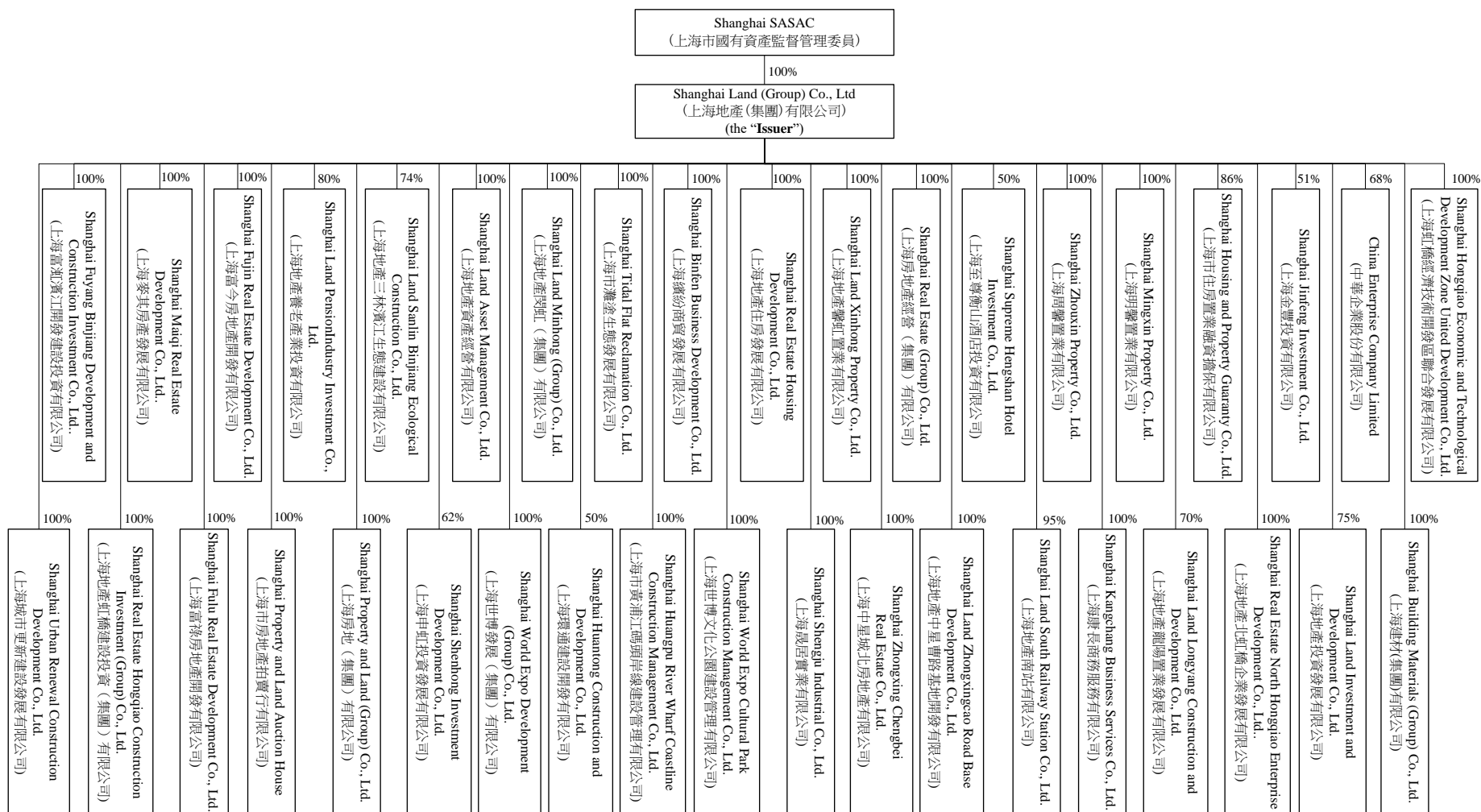
In May 2021, the Issuer issued offshore bonds in the China (Shanghai) Pilot Free Trade Zone in an aggregate principal amount of RMB3,000 million with a term of three years and a coupon of 3.80 per cent. See "*Capitalisation and Indebtedness*".

Issuance of Onshore Enterprise Bonds

In June 2021, China Enterprise, one of the Issuer's subsidiaries, issued its enterprise bonds "21 Zhongqi 01" in the PRC in an aggregate principal amount of RMB3,087 million with a term of 3+2 years and an initial coupon of 3.70 per cent. See "*Capitalisation and Indebtedness*".

GROUP STRUCTURE

The chart below illustrates the simplified corporate structure of the Group as at 30 June 2021:



Note: the shareholding percentages in the table above have been rounded up or down, thus which may not be equal to the actual percentage due to rounding.

DESCRIPTION OF THE GROUP'S BUSINESSES

The Group is a state-owned enterprise directly and wholly owned by Shanghai SASAC that focuses on social housing development, urban development and renewal, commercial real property development, production and sale of construction materials, real property leasing, as well as the provision of senior care services, rural revitalisation and the guarantee business.

The table below sets forth a breakdown of the Group's operating income from each business segment in absolute amount and as a percentage of the total operating income for the periods indicated:

	Year ended 31 December					
	2018		2019		2020	
	Operating income	%	Operating income	%	Operating income	%
	<i>(in RMB millions, except percentages)</i>					
Social housing development.....	2,899	6	2,308	7	3,269	11
Urban renewal ⁽¹⁾	10,611	22	4,440	14	4,324	15
Commercial real property development	22,891	48	12,169	39	11,552	39
Construction material business.....	5,883	12	6,141	20	5,072	17
Real property leasing.....	2,139	4	2,398	8	2,134	7
Others ⁽²⁾	3,691	8	3,975	13	3,106	11
Total	48,114	100	31,431	100	29,456	100

Notes:

- (1) The urban renewal projects for public interests which the Group undertakes do not generate revenue.
- (2) Others comprise guarantee business, senior care business and rural revitalisation.

The table below sets forth a breakdown of the Group's gross profit from each business segment in absolute amount and as a percentage of the total gross profit for the periods indicated:

	Year ended 31 December					
	2018		2019		2020	
	Gross profit	%	Gross profit	%	Gross profit	%
	<i>(in RMB millions, except percentages)</i>					
Social housing development.....	354	2	230	2	268	2
Urban renewal ⁽¹⁾	7,195	36	3,209	24	2,320	21
Commercial real property development	10,136	50	6,896	51	4,932	44
Construction related material business	768	4	1,009	8	926	8
Real property leasing.....	881	4	863	6	934	8
Others ⁽²⁾	836	4	1,243	9	1,725	16
Total	20,172	100	13,449	100	11,104	100

Notes:

- (1) The urban renewal projects for public interests which the Group undertakes do not generate revenue.
- (2) Others comprise guarantee business, senior care business and rural revitalisation.

Social Housing Development

Overview

The Group is designated by the Shanghai Municipal Government to undertake the development, sale and leasing of social housing in Shanghai, including resettlement housing (動遷安置房), subsidised housing (經濟適用房) and public rental housing (公租房). The Group is among the first companies in Shanghai to undertake social housing development and one of the largest developers in terms of the total GFA of the delivered properties with the most diversified portfolio of social housing projects. Over the past ten years, the Group has delivered a total planned GFA of over 11 million sq.m. of resettlement housing projects with an aggregate of more than 100,000 units and completed nine public rental housing projects with an aggregate of approximately 10,000 units.

The Group develops social housing mainly through three business models:

- (i) *Resettlement housing.* The Group acquires land use rights through bidding, followed by development and construction of resettlement housing, and then sells the completed housing projects to the relevant

government body. The purchase price of the resettlement housing payable by the government to the Group comprises the project construction cost, management fee, taxation plus a premium at a rate of three per cent. of the relevant project cost;

- (ii) *Subsidised housing.* Instead of selling the completed housing projects to the government, the Group sells the subsidised housing to qualified purchasers who generally have low to moderate income; and
- (iii) *Public rental housing.* The Group invests, constructs, manages and operates public housing in accordance with the details set out by the Shanghai Municipal Government.

The Group mainly conducts its social housing development business through its subsidiaries, Shanghai Land Housing Security Co., Ltd. (上海地產住房保障有限公司), Shanghai Shenjiang Cross-Strait Development and Construction Investment (Group) Co., Ltd. (上海市申江兩岸開發建設投資(集團)有限公司), Shanghai Land Minhong (Group) Co., Ltd. (上海地產閔虹(集團)有限公司), Shanghai Xin'an Property Co., Ltd. (上海馨安置業有限公司), Shanghai Mingxin Property Co., Ltd. (上海明馨置業有限公司), Shanghai Sanlin Binjiang Ecological Construction Co., Ltd. (上海三林濱江生態建設有限公司). The table below sets forth the operating details of the Group's social housing development for the periods indicated:

	Year ended 31 December		
	2018	2019	2020
Newly commenced development GFA (thousand sq.m.)	1,459	404	153
Completed GFA (million sq.m.)	183	334	443
Contracted GFA (million sq.m.)	3,672	3,581	2,241
Contracted sales (RMB in millions)	4,413	5,088	4,148

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's social housing development business was approximately RMB2,899 million, RMB2,308 million and RMB3,269 million, respectively, representing approximately 6 per cent., 7 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's social housing development business was approximately RMB354 million, RMB230 million and RMB268 million, respectively, representing approximately 2 per cent., 2 per cent. and 2 per cent. of the Group's gross profit, respectively. See "*Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period*".

Despite the decrease in operating income from its social housing development business during the years ended 31 December 2018 and 2019, and a slight increase in operating income from its social housing development business for the year ended 31 December 2020, the Group anticipates that its social housing development business will generate stable and sustainable profits and cash flow against the backdrop of the Shanghai Municipal Government's continuous efforts to develop and renovate the urban and rural areas in Shanghai and improve the living quality of the general public in Shanghai, which in turn is expected to continue to lead to increasing demand for social housing in Shanghai.

Project Descriptions

Completed projects

For the years ended 31 December 2018, 2019 and 2020, the Group had completed nine key social housing projects, including resettlement, subsidised and public rental housing, with a total GFA of approximately 3,999 thousand sq.m. and a total amount invested of approximately RMB25,709 million. Except Caolu Lot B13B-14 Project (曹路 B13B-14 地塊項目) and Caolu Lot B13C-12 Project (曹路 B13C-12 地塊項目), all these completed projects of resettlement and subsidised housing have been delivered to the relevant government body and the Group has received all due payment for these projects from the government.

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

Project Name	Type	Total Investment (RMB in millions)	Total GFA ('000 sq.m.)
Fengxian South Bridge (奉賢南橋)	Resettlement	3,400	729
Fengxian South Bridge (奉賢南橋)	Resettlement	1,600	337
Xinyi Apartment (馨逸公寓)*	Public Rental	3,246	233

Project Name	Type	Total Investment (RMB in millions)	Total GFA (’000 sq.m.)
Xinyue Apartment (馨越公寓)*	Public Rental	2,929	263
Xin Jia Yuan (馨佳園)	Resettlement/ Subsidised	8,720	1,803
Xinning Apartment (馨寧公寓)*	Public Rental/ Resettlement	3,448	380
Hua Cao Lot 11-06 Project (華漕11-06地塊項目)	Resettlement	612	44
Caolu Lot B13B-14 Project (曹路B13B-14地塊項目)	Resettlement	1,107	1,316
Caolu Lot B13C-12 Project (曹路B13C-12地塊項目)	Resettlement	647	79
Total		25,709	3,999

* Note: The Group owns and operates the public rental property.

Projects under construction

As at 31 December 2020, the Group had two key social housing projects under construction with an estimated total investment of approximately RMB39,200 million, of which the Group had invested approximately RMB21,936 million.

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

Project Name	Estimated Total Investment (RMB in millions)	Total Amount Invested (RMB in millions)
Caolu South Block (曹路南塊).....	30,000	14,834
Caolu North Block (曹路北塊).....	9,200	7,102
Total	39,200	21,936

Projects under planning

As at 31 December 2020, the Group had acquired 11 pieces of land for public rental housing projects planned to be constructed with a total planned GFA of approximately 1,117 thousand sq.m. and an estimated total of 10,864 units.

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

Land Plot Details	Total Planned GFA (’000 sq.m.)	Total Units	Land Acquisition Year
Changning District North Community Unit W040502 Lot E1-10 (長寧區北社區W040502單元E1-10地塊)	45	374	September 2017
Pudong New District South Port Street Riverside Unit 06-05 Lot (浦東新區南碼頭街道濱江單元06-05地塊)	68	723	September 2017
Pudong New District Beicai Community Unit Z000501 Lot03-02 and 03-03 (浦東新區北蔡社區Z000501單元03-02、03-03地塊)	192	1,672	September 2017
Xuhui District Caohejing Community Lot 196a-08 (徐匯區漕河涇社區196a-08地塊)	23	238	September 2017
Hongqiao CBD Unit G1MH-0001 Lot III-T01-A02-02 (虹橋商務區G1MH-0001單元III-T01-A02-02地塊)	33	318	October 2017
Pudong New District Shanggang Community Unit Z000101 Lot11-3 (浦東新區上鋼社區Z000101單元11-3地塊)	163	1,856	October 2017

Land Plot Details	Total Planned GFA (*000 sq.m.)	Total Units	Land Acquisition Year
Pudong New District Shanggang Community Unit Z000101 Lot 10-2 (浦東新區上鋼社區Z000101單元 10-2地塊).....	117	1,278	October 2017
Changning District Gubei Community Unit W040502 Lot E1-06 (長寧區古北社區W040502單元E1-06地 塊).....	146	1,302	October 2017
Pudong New District Expo Site Lot Government Affairs Office Lot 15-01 (浦東新區世博會地塊政務 辦公社區控詳15-01地塊).....	212	1,895	October 2017
Huangpu District Nanpu Community Unit S010601 Lot F01-01 (黃浦區南浦社區S010601單元F01-01地 塊).....	74	750	December 2017
Jiading District Jiading Industrial District South Gate Community Lot 53-01 (嘉定區嘉定工業區南門社區 53-01地塊).....	45	458	September 2018
Total	1,117	10,864	

Urban Renewal

The Group is a key player in the execution of strategic planning for the Shanghai Party Committee and the Shanghai Municipal Government with respect to urban renewal in Shanghai. The Group is engaged in developing, constructing, renovating and improving urban villages, old districts and industrial parks, and preserving historical sites. The major projects undertaken by the Group include the renovation of urban villages in Pudong Sanlin Green Corner (浦東三林楔形綠地), Baoshan New Good City (寶山新顧城), Jinshan Zhujing Town (金山朱涇鎮) and Minhang Zhuanqiao (閔行頤橋) and the renovation project of old districts in Hongkou District Dong Yu Hang Road (虹口區東餘杭路(一期)舊區改造項目) and Huangpu District Qiaojia Old District (黃浦區喬家路舊區改造項目), among other urban renewal projects.

These urban renewal projects primarily serve Shanghai's public interest and social welfare, and consequently, the profit margin for this segment is relatively restricted. Nevertheless, the Group will continue to actively align its business plans with the city's overall development strategy, focus on the development of major projects, explore new investment structures for government projects, and play a pivotal role in the continuous renewal and development of Shanghai.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's urban renewal business was approximately RMB10,611 million, RMB4,440 million and RMB4,324 million, respectively, representing approximately 22 per cent., 14 per cent. and 15 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's urban renewal business was approximately RMB7,195 million, RMB3,209 million and RMB2,320 million, respectively, representing approximately 36 per cent., 24 per cent. and 21 per cent. of the Group's gross profit, respectively. See "Risk Factors – Risk Relating to the Group's Businesses – The Group's operating results may vary significantly from period to period".

Commercial Real Property Development

The Group has an extensive property development business covering commercial real property construction, sale and operation. The Group conducts its commercial real property business through its subsidiary, China Enterprise, a company listed on the Shanghai Stock Exchange (stock code: 600675SH). As at 31 December 2020, the Issuer held 68.44 per cent. equity interest in China Enterprise.

China Enterprise generally adopts two business models, which include: (i) the acquisition of land use rights mostly through bidding, auctions or listing followed by development and construction; and (ii) building strategic co-operative relationships with other companies for joint development and construction.

China Enterprise has a diverse portfolio of property developments, principally comprised of commercial residential building development and commercial office building development, supplemented by hotel and retail property development. The majority of China Enterprise's real property projects are located in Shanghai, and

nearby cities, such as Hangzhou (杭州), Jiangyin (江陰), Kunshan (崑山), Suzhou (蘇州), Wuxi (無錫), Zhenjiang (鎮江), Yangzhou (揚州) and Hefei (合肥).

For the years ended 31 December 2018, 2019 and 2020, China Enterprise had completed 20 commercial real property development projects with an aggregate GFA of approximately 2,679 thousand sq.m. As at 31 December 2020, China Enterprise had eight commercial real property projects under construction with a total planned GFA of approximately 770 thousand sq.m., among which four projects are located in Shanghai, three projects are located in Jiangsu province and one project is located in Jilin province. As at 31 December 2020, China Enterprise had two real property development projects that were newly commenced development with a site area of approximately 73 thousand sq.m.

China Enterprise's geographical advantage in Shanghai, combined with its extensive experience, has positioned it to become prominent in the real property industry in Shanghai. China Enterprise has built many of the iconic buildings in Shanghai, including Haiyi Garden, Zhonghua Enterprise Building, Overseas Chinese Building, Huaihai Zhonghua Building, Jiang'an Zhonghua Building, Gubei International Fortune Centre and Shanghai Port International Passenger Transport Centre. Over the years, China Enterprise's products have gained wide brand recognition, as reflected by its strong contracted sales and sales records. The Group's primary brand is "China Enterprise (中華企業)". For the years ended 31 December 2018, 2019 and 2020, China Enterprise's total contracted sales amounted to approximately RMB13,841 million, RMB9,510 million and RMB8,357 million, respectively, with a total contracted GFA sold of approximately 400 thousand sq.m., 221 thousand sq.m. and 156 thousand sq.m., respectively. The Group anticipates that the sale of commercial real property will be able to generate greater cash flow compared to its other businesses and provide it with part of the capital resources required to fund the growth of other business segments. The total contracted sales and the total contracted GFA sold for the year ended 31 December 2020 decreased compared to the previous year mainly due to a decrease in completed projects in 2020 and the ongoing COVID-19 pandemic. Accordingly, the Group's operating income derived from its commercial real property development business for the year ended 31 December 2020 also decreased compared to the previous year.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's commercial real property development business was approximately RMB22,891 million, RMB12,169 million and RMB11,552 million, respectively, representing approximately 48 per cent., 39 per cent. and 39 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's commercial real property development business was approximately RMB10,136 million, RMB6,896 million and RMB4,932 million, respectively, representing approximately 50 per cent., 51 per cent. and 44 per cent. of the Group's gross profit, respectively.

Construction Material Business

The Group's construction material business primarily covers (i) an advanced manufacturing business focusing on high-end manufacturing and further processing applications; (ii) a new materials business focusing on manufacturing building materials and green building materials; (iii) an energy conservation and environmental protection business focusing on the renovation and upgrading of existing buildings; and (iv) a production business focusing on integrated supply, testing and certification of building materials.

The Group conducts its construction material business through its wholly-owned subsidiary, Shanghai Building Materials (Group) Co., Ltd. (上海建材(集團)有限公司). Shanghai Building Materials (Group) Co., Ltd. is a building material manufacturer in China. It has extensive expertise and experience in offering integrated solutions for environmentally friendly construction materials with a focus on design, research, manufacturing and engineering applications of construction materials, and provision of building material related services. Shanghai Building Materials (Group) Co., Ltd. holds a controlling interest in Shanghai Yaohua Pilkington Glass Group Co., Ltd. (上海耀皮玻璃集團股份有限公司) (stock code: 600819 SH) ("SYP"), a company listed on the Shanghai Stock Exchange. SYP specialises in high performance, high quality, environmental-friendly and energy saving glass products, including float glass, architectural glass, solar photovoltaic glass, auto and special vehicle glass, as well as providing customer-oriented glass solutions. SYP also manufactures and provides other construction materials, such as curtain wall and cement, rock wool, pipes, asphalt shingles, waterproof membranes and concrete prefabricated components. SYP's key customers include automobile companies and infrastructure and building construction companies. SYP's construction materials are widely used in landmark projects and buildings, such as Shanghai Tower, Pudong International Airport and Yangshan Port.

The Group's suppliers of its construction material business primarily include companies engaged in the production or sale of coal, coke, heavy oil, limestone, basalt, quartz and other mining and chemicals, while its customers

primarily include large-scale construction companies as well as mixing stations, curtain wall construction companies, and automobile manufacturers, among other companies, in the PRC.

For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's construction material business was approximately RMB5,883 million, RMB6,141 million and RMB5,072 million, respectively, representing approximately 12 per cent., 20 per cent. and 17 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's construction material business was approximately RMB768 million, RMB1,009 million and RMB926 million, respectively, representing approximately 4 per cent., 8 per cent. and 8 per cent. of the Group's gross profit, respectively.

Real Property Leasing

The real property leasing business operated by the Group primarily consists of the leasing of office buildings, shopping malls, stores, hotels, warehouses and other types of real property, primarily located in Shanghai. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's real property leasing business was approximately RMB2,139 million, RMB2,398 million and RMB2,134 million, respectively, representing approximately 4 per cent., 8 per cent. and 7 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's real property leasing business was approximately RMB881 million, RMB863 million and RMB934 million, respectively, representing approximately 4 per cent., 6 per cent. and 8 per cent. of the Group's gross profit, respectively.

The Group primarily held the following properties for lease for the periods indicated:

Property Name	As at 31 December 2020	For the year ended 31 December 2020	As at 31 December 2019	For the year ended 31 December 2019	As at 31 December 2018	For the year ended 31 December 2018
	Leasable area	Rental income	Leasable area	Rental income	Leasable area	Rental income
	('000 sq.m.)	(RMB in millions)	('000 sq.m.)	(RMB in millions)	('000 sq.m.)	(RMB in millions)
Gubei International Fortune Centre II (古北國際財富中心 二期).....	124	294	129	251	124	294
Liangcheng Shopping Centre (涼城購物中心)	45	31	45	32	45	31
Zstar Plaza (中星城).....	93	43	93	45	93	43
Total	261	368	267	328	261	368

Other Businesses

The Group also undertakes other businesses, including senior care services, rural revitalisation and guarantee business. For the years ended 31 December 2018, 2019 and 2020, operating income generated from the Group's other businesses was approximately RMB3,691 million, RMB3,975 million and RMB3,106 million, respectively, representing approximately 8 per cent., 13 per cent. and 11 per cent. of the Group's total operating income, respectively. For the years ended 31 December 2018, 2019 and 2020, gross profit generated from the Group's other businesses was approximately RMB836 million, RMB1,243 million and RMB1,725 million, respectively, representing approximately 4 per cent., 9 per cent. and 16 per cent. of the Group's gross profit, respectively.

Senior Care

The Group's senior care business is operated by its subsidiary, Shanghai Land Senior Pension Industry Investment Co., Ltd. (上海地產養老產業投資有限公司) and carries out projects that align with the Shanghai Municipal Government's strategic initiative of developing a healthcare ecosystem for senior citizens in Shanghai. The Group's senior care business leverages the Group's resources as a state-owned enterprise specialised in urban renewal and property development businesses and aims to transform idle industrial land into operational healthcare facilities. Specifically, this business segment is focused on building an end-to-end service platform that

encompasses residential complexes for senior citizens, rehabilitation hospitals, and community nursing and healthcare facilities.

Rural Revitalisation

In 2018, the PRC Government issued the Rural Revitalisation Strategic Plan (2018-2022) (鄉村振興戰略規劃 (2018-2022 年)). The strategic plan emphasises the importance of rural development in China, including the need to develop rural businesses, create a pleasant living environment, promote civility and effective governance of the rural areas, and improve the living standards of rural residents. Accordingly, the Group has initiated a strategic alliance with Jiading District People's Government pursuant to the strategic plan of Shanghai Party Committee and the Shanghai Municipal Government for rural revitalisation in Shanghai by developing Huating town (華亭鎮) in Jiading district, with a planned site area of approximately ten square kilometres, of which an initial development site area is approximately 3.16 square kilometres. The project aims to restore the original landscape of ancient Jiading with a combination of farms, rivers, forests and houses and to upgrade village facilities, and constructing residential housing for local residents to enjoy modernised living conditions in more centralised sites. The Group is also actively exploring cooperation opportunities with other villages to further advance the Shanghai rural revitalisation plan.

Guarantee Business

The Group provides guarantees primarily for individual housing provident fund loans and commercial mortgages primarily through its subsidiary, Shanghai Housing and Property Guaranty Co., Ltd. (上海市住房置業擔保有限公司). As at 31 December 2020, the Group had outstanding balance of the guarantee for (i) individual housing provident fund loan of approximately RMB102,888 million, (ii) the commercial mortgage of approximately RMB2,490 million and (iii) other types of guarantees of approximately RMB2,020 million. Due to the repeal of the guarantee fee for the individual housing provident fund loan guarantee services in 2015 by the PRC Government, the Group only charges certain service fees for the provision of guarantee services for individual housing provident fund loan. The Group anticipates that the business scale of its guarantee services will reduce.

INTERNAL CONTROL

The Group has established an internal control system to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The internal control system covers different aspects of the Group's operations, including operation, financing, human resources, internal audit, risk control, employee conduct, guarantee management, subsidiaries management, among others. Each level and department of the Group is well apprised of the Group's internal control and risk management policies. This systematic approach has enabled the Group to manage its business in a disciplined manner.

OCCUPATIONAL SAFETY

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

ENVIRONMENTAL PROTECTION

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any material environmental proceedings or investigations to which it is or might become a party.

INSURANCE

The Group purchases insurance in types and amounts that it believes are consistent with its risks of loss and customary practice in the relevant industry. The Group believes its existing insurance coverage is both reasonable and adequate. The Group's operations and assets still face threats from fire, floods, explosions, power outages and other natural disasters, which may have a material adverse impact on the Group's financial condition and business

operations. See “*Risk Factors – Risks Relating to the Group’s Businesses – The Group’s insurance coverage may not adequately protect it against all operational risks*”.

EMPLOYEES

As at 31 December 2020, the Group had approximately 9,700 employees.

The Group contributes to the pension plan, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance for its employees, in accordance with applicable PRC laws and regulations.

As at the date of this Offering Circular, the Group has not experienced any strike or any other form of labour disturbance that could materially and adversely affect its business, financial condition and results of operations.

LEGAL PROCEEDINGS

The Group may be from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See “*Risk Factors – Risks Relating to the Group’s Businesses – The Group may be subject to legal, litigation and regulatory proceedings*”. The Group has taken various steps to reduce and control its exposure to litigation risks and will also focus on the enhancement of its internal procedures to ensure overall legal and regulatory compliance.

To the best of the Group’s knowledge, except as otherwise disclosed in this Offering Circular, there are no current litigation or arbitration proceedings against the Group as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

According to the Issuer's Articles of Association, the Issuer's board of directors shall consist of five to seven members. The board of directors determines major matters of the Issuer, such as annual business plans, investment plans, financial budget plans and profit distribution plans. The board of directors has the authority to appoint and discharge the president of the Issuer and determines their remuneration package and, subject to the president's nomination, appoints and discharge the vice presidents and chief financial officer of the Issuer and determines their remuneration package. The board of directors reports to the shareholder of the Issuer.

The table below sets forth the directors of the Issuer as at the date of this Offering Circular:

Name	Age	Position
Mr. FENG Jingming (馮經明)	61	Chairman
Ms. GUAN Taoping (管韜萍)	55	Director
Mr. XU Sunqing (徐孫慶)	57	Director
Mr. Zhang Suyang (章蘇陽)	64	Director
Mr. Sheng Yuruo (盛裕若)	62	Director

Mr. FENG Jingming (馮經明), aged 61, is the chairman of the Issuer. Mr. Feng previously served as a deputy secretary of the CPC party labour committee (黨工委) and a director of the sub-district office (辦事處主任) of Shanghai Huangpu District Bund branch (上海市黃浦區外灘街道辦公室), an assistant to the mayor of Shanghai Huangpu District, the director of Shanghai Huangpu District construction committee, a vice mayor of Shanghai Huangpu District, a deputy secretary of the CPC party committee and the chief of Shanghai Greening Bureau (上海市綠化局), a deputy secretary of the CPC party committee and the chief of Shanghai Greening Bureau (Municipal Forestry Bureau) (上海市綠化局 (市林業局)), the secretary of the CPC party committee and the chief of Shanghai Municipal Bureau of Property and Land Resources (上海市房地資源局), the secretary of the CPC party committee and the chief of Shanghai Municipal Land and Resources Planning Bureau (上海市規劃國土資源局). Mr. Feng holds a graduate degree.

Ms. GUAN Taoping (管韜萍), aged 55, is a president of the Issuer. Ms. Guan previously served as a deputy director of Shanghai Baoshan District Housing and Land Management Bureau (上海市寶山區房屋土地管理局), the director of the comprehensive land planning division and a deputy chief engineer of Shanghai Municipal Bureau of Land Planning and Development (上海市規土局), a deputy director of Shanghai Land Reserve Centre (上海市土地儲備中心), a business director and a manager of the administration department of the Issuer, and the chairman and the general manager of Shanghai Land Pension Industry Investment Co., Ltd. (上海地產養老產業投資有限公司). Ms. Guan holds a graduate degree.

Mr. XU Sunqing (徐孫慶), aged 57, is a director of the Issuer. Mr. Xu previously served as a deputy mayor of Caohejing Town, Xuhui District, Shanghai (上海徐匯區漕河涇鎮), a deputy commissioner of Xuhui District Foreign Economic and Trade Commission (徐匯區外經委), a director of the Hunan Street sub-district office of Xuhui District (徐匯區湖南街道), the director of Xuhui District Party Committee (徐匯區委), a deputy mayor of Shanghai Xuhui District, a deputy mayor of Shanghai Jing'an District (上海市靜安區) and a member of the standing committee of Shanghai Jing'an District, a president, vice president, and secretary of the CPC party committee of Shanghai Shenjiang Cross-Strait Development and Construction Investment (Group) Co., Ltd (上海市申江兩岸開發建設投資 (集團) 有限公司). Mr. Xu holds a graduate degree.

Mr. ZHANG Suyang (章蘇陽), aged 64, is a director of the Issuer. Mr. Zhang also currently serves as the founding partner of Shanghai Volcanics Investment Management Co., Ltd. (上海火山石投資管理有限公司). Mr. Zhang previously served as a vice president of IDG Capital Investment Consultancy (Beijing) Co., Ltd. (IDG 資本投資顧問 (北京) 有限公司), a division manager of Shanghai Bell Company Limited (上海貝爾股份有限公司), a deputy director of Shanghai Telephone Equipment Manufacturing Company (上海電話設備製造公司) and a general manager of Shanghai Vantone Industrial Co. Ltd. (上海萬通工業公司). Mr. Zhang holds a bachelor's degree in electronics engineering from Shanghai University (上海大學) in 1982 and an executive master's degree in business administration from China Europe International Business School (中歐商學院).

Mr. SHENG Yuruo (盛裕若), aged 62, is a director of the Issuer. Mr. Sheng previously served as a secretary-general of Shanghai Financial Working Committee, a deputy inspector, a deputy director and a director of Cadre and Personnel Office of Shanghai Municipal Financial Working Commission, a deputy director and a director of the economic cadre division of the organisation department and the general office of the Shanghai Municipal Organisation Department, a deputy minister of the school department and the propaganda department of Changning District Committee of the Communist Youth League. He also previously served as the deputy chairman of the board of supervisors, deputy secretary of the party committee and secretary-general of the party committee of discipline inspection of Shenneng (Group) Co., Ltd. Mr. Sheng holds a masters' degree.

Supervisors

The table below sets forth information relating to the member of the board of supervisors of the Issuer as at the date of this Offering Circular:

Name	Age	Position
Mr. SHEN Xiaosu (沈曉蘇)	61	Chairman of the board of supervisors

Mr. SHEN Xiaosu (沈曉蘇), aged 61, is the chairman of the board of supervisors of the Issuer. Mr. Shen previously served as the deputy director of the Office of the Luwan District Government, Shanghai Municipality (上海市盧灣區政府辦公室), a deputy director of the organization department of Luwan District CPC Party Committee (盧灣區委組織部), the director of the office of Luwan District CPC Party Committee (盧灣區委辦公室), the director of Luwan District State-Owned Assets Management Office (盧灣區國有資產管理辦公室), the secretary-general of Shanghai Municipal Construction and Development Committee (上海市城鄉建設和管理委員會), a deputy commissioner of Shanghai Urban-Rural Construction and Transportation Commission (上海市城鄉建設和交通委員會), and the secretary of the CPC party group and a director of Shanghai Civil Defence Office (上海市民防辦). Mr. Shen is currently an on-the-job graduate student and a senior economist.

Senior Management

The table below sets forth the information relating to the senior management of the Issuer as at the date of this Offering Circular:

Name	Age	Position
Mr. Chen Jintian (陳錦田)	58	Deputy secretary of the CPC party committee
Mr. YANG Qingyun (楊慶雲)	57	Vice president, Member of the CPC party committee
Mr. LI Zhong (李鐘)	56	Vice president
Mr. JIANG Zhenhua (蔣振華)	47	Vice president
Mr. Wang Bin (王斌)	51	Vice president, Member of the CPC party committee
Mr. DONG Wei (董偉)	51	Chief financial officer
Mr. Zhao Dehe (趙德和)	56	Chief investment and operating officer
Mr. Shen Guoyi (沈果毅)	50	Chief planner

Mr. CHEN Jintian (陳錦田), aged 58, is the deputy secretary of the CPC party committee of the Issuer. Mr. Chen previously served as a deputy commissioner of international communication and cooperation office of Shanghai Municipal Human Resources Bureau (上海市人事局), a deputy director of the human resources department, a deputy director of the volunteer department and the training centre, the head of the Africa pavilion working group and the director of the Africa joint pavilion management department of the Coordination Bureau of Shanghai World Expo Affairs (上海世博會事務協調局), a deputy secretary and a secretary of the discipline inspection committee, the vice chairman of the board of supervisors and the chairman of the labour union of Shanghai World Expo Development (Group) Co., Ltd. (上海世博發展(集團)有限公司). Mr. Chen holds a graduate degree.

Mr. YANG Qingyun (楊慶雲), aged 57, is a vice president and a member of the CPC party committee of the Issuer. Mr. Yang previously served as a deputy director of the general manager's office of the Shanghai procurement and supply station of China Pharmaceutical Corporation (中國醫藥公司上海採購供應站), a deputy commissioner of the food distribution division of Shanghai Municipal Commission of Commerce (上海市商委), a deputy commissioner of the strategic planning division of Shanghai State-owned Assets Office (上海市國資辦),

a deputy commissioner of the strategic planning division of Shanghai SASAC, a deputy commissioner and a commissioner of the planning and development division of Shanghai SASAC, a member of the CPC party committee and a vice president of Shanghai World Expo Development (Group) Co., Ltd. (上海世博發展 (集團) 有限公司). Mr. Yang holds a bachelor's degree.

Mr. LI Zhong (李鐘), aged 56, is a vice president of the Issuer. He served as the chairman of the labour union, a secretary of the general youth league branch, a director of the general manager's office and an assistant to the general manager, a general manager and a deputy secretary of the CPC party committee of Shanghai International Economic and Trade Construction Co. Ltd. (上海對外經濟貿易工程公司), a vice president, an executive vice president, the president and a deputy secretary of the CPC party committee of Shanghai International Economic and Trade Investment (Group) Co., Ltd. (上海外經貿投資 (集團) 有限公司), and a deputy general manager of Shanghai Shenhong Investment and Development Co., Ltd. Mr. Li holds a graduate degree.

Mr. JIANG Zhenhua (蔣振華), aged 47, is a vice president of the Issuer. Mr. Jiang previously served as a deputy general manager of Shanghai Star (Group) Co., Ltd. (上海中星 (集團) 有限公司), the legal representative, the general manager, an executive director and the secretary of the party general branch of Shanghai World Expo Land Holding Co., Ltd. (上海世博土地控股有限公司), the chairman and the secretary of the party general branch of Shanghai Land Rental Housing Construction and Development Co., Ltd. (上海地產租賃住房建設發展有限公司), the president and the secretary of the CPC party committee of Shanghai World Expo Development (Group) Co., Ltd., and the chief business officer of the Issuer. Mr. Jiang holds a bachelor's degree.

Mr. WANAG Bin (王斌), aged 51, is the vice president and a member of the CPC party committee of the Issuer. Mr. Wang previously served as a deputy chief of comprehensive planning division of the Economic System Reform Commission and the social security division of the Shanghai Municipal Government. He also served as a researcher and a deputy chief of the district and county cadre office, a deputy director, an assistant to the director of the general office, a director staff member of the Research Office of the Organization Department of the research office of the organisation department of CPC Shanghai Municipal Committee. In addition, Mr. Wang also served as the party secretary of Shanghai Housing Property Guaranty Co., Ltd. (上海市住房置業擔保有限公司). Mr. Wang holds a master's degree.

Mr. DONG Wei (董偉), aged 51, is the chief financial officer of the Issuer. Mr. Dong previously served as a deputy director and the director of the fixed asset investment audit division of Shanghai Municipal Audit Bureau (上海市審計局), and the director of the second division of fixed asset investment audit of Shanghai Municipal Audit Bureau. Mr. Dong holds a graduate degree.

Mr. ZHAO Dehe (趙德和), aged 56, is the chief investment and operating officer of the Issuer. He currently serves as the chairman of the board of directors, legal representative and secretary of the CPC party committee of Shanghai Urban Renewal Construction Development Co., Ltd. (上海城市更新建設發展有限公司), a subsidiary of the Issuer. Mr. Zhao previously served as a deputy chief and a chief of the town construction division of the Shanghai Urban-Rural Development and Transportation Commission, the chief of the engineer construction division of the Shanghai Urban-Rural Development and Management Commission. Mr. Zhao holds a master's degree and is a senior economist.

Mr. SHEN Guoyi (沈果毅), aged 50, is the chief planner and the manager of the planning and design department of the Issuer. Mr. Shen previously served as the deputy director of Shanghai Urban Planning and Design Research Institute (上海市城市規劃設計研究院), a deputy director and the director of Shanghai Pudong District Development Planning and Design Research Institute (上海市浦東開發規劃研究設計院). Mr. Shen holds a bachelor's degree and is a senior engineer.

PRC REGULATIONS

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

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, rules, regulations and local laws, regulations and policies, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC Government. Court rulings do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws of the PRC, including the laws relating to management. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest authority of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the authority of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable within their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on 10 June 1981, the Supreme People's Court, the State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management on the competency and qualification of market players, the whole process management on the construction projects, and the management on the economic and technical standards of construction projects. The main regulatory authorities include:

- MOHURD (formerly Ministry of Construction of the PRC, the “**MOC**”) and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards.
- Ministry of Transport of the PRC (the “**MOT**”) and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.
- Ministry of Ecology and Environment of the PRC (the “MEE”, formerly Ministry of Environmental Protection of the PRC and State Environmental Protection Administration) and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice of the State Council on Issues Concerning Strengthening the Management of Local Government Financing Platform Companies (國務院關於加強地方政府融資平臺公司管理有關問題的通知 (国发 [2010] 19 号)) (“**Circular 19**”) was promulgated by the State Council on 10 June 2010 and the Notice of the General Office of the National Development and Reform Commission on Further Regulating the Issuance of Bonds by Local Government Investment and Financing Platform Companies (國家發展改革委辦公廳關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知 (發改辦財金 [2010] 2881 号)) (“**Circular 2881**”) was enacted on 20 November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform’s issuance of enterprise bonds.

On 21 September 2014, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見(國發〔2014〕43 號)) (“**Circular 43**”) was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (the “**New Budget Law**”), which took effect on 1 January 1995 and was subsequently amended on 31 August 2014 and 29 December 2018, respectively, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market- oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors’ or special purpose companies’ debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

- *Support stock financing needs for projects under construction.* Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet

expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.

- *Regulate increment financing for projects under construction.* Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.
- *Administer in an effective and proper manner follow-up financing for projects under construction.* Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies in respects such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- *Improve supporting measures.* Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amount of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

On 11 May 2018, NDRC and MOF jointly issued the Circular 706. Under Circular 706, enterprises that take on foreign debts shall have materialized operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways, so as to ensure that “whoever needs the funds is responsible for borrowing the funds, whoever borrows the funds is responsible for repaying the funds; decisions should be made in a prudent way and risks should be assumed on one’s own”. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear. It is forbidden that public schools, public hospitals, public cultural facilities, parks, public squares, government office buildings, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises’ assets. It is restated that in bond prospectus and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

Regulation on the Issuance of Foreign Bonds

Pursuant to the NDRC Circular, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

On 6 June 2019, NDRC issued Circular 666 which became effective on the same day. Pursuant to Circular 666, Local state-owned enterprises shall assume the responsibility of repaying foreign debts as independent legal persons, while local governments and departments thereof shall not directly repay or undertake to repay the foreign

debts of local state-owned enterprises with fiscal funds, nor shall they provide guarantee for the issuance of foreign debts by local state-owned enterprises. In addition, the foreign debts issued by local state-owned enterprises undertaking the function of financing for local governments shall be only for the purpose of repaying medium and long-term foreign debts due in the following year.

On 9 July 2019, Notice of the Relevant Requirements of the Registration of the Application for the Issuance of Foreign Debts by Real Estate Developers (國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知) (“Circular 778”) was issued by NDRC and became effective on the same day. Pursuant to Circular 778, Real estate developers shall strengthen information disclosure when issuing foreign debts and clarify the use of funds in prospectus documents. In addition, the foreign debts issued by real estate developers can only be used to replace medium- and long-term foreign debts due within one year while the real estate developer shall specify the detailed information of the foreign debt to be replaced in the foreign debt registration application materials as well as submitting the Letter of Commitment on the Authenticity.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People’s Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 and amended on 27 December 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People’s Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, amended on 1 March 2017 and 2 March 2019 which became effective on the same date, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People’s Republic of China, Ministry of Water Resources of the People’s Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003 and amended on 11 March 2013 which became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOC on 24 January 2017 and became effective on 1 May 2017, Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) issued by NDRC on 27 March 2018 and became effective on 1 June 2018, and Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and amended on 28 September 2018 which became effective on the same date.

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

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

In accordance with the Bidding and Tendering Law of the People’s Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces for which bidding and tendering are not mandatory or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People’s Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋) issued by the Supreme People’s Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid; where the construction period, project quality, construction price and other substantial contents as stipulated in the construction contract entered into separately between the tenderer

and the bid winner are inconsistent with the awarded contract, the People's Court shall support either party's request for determining the rights and obligations according to the awarded contract.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOHURD on 1 April 2021 November 2007 and became effective on the same date, Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) amended jointly by MOC and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, Provisions on the Administration of the Construction of Port Project (港口工程建設管理規定) promulgated by MOT on 15 January 2018 which became effective on 31 March 2018 and amended on 28 November 2018 and 28 November 2019, respectively, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and became effective on 1 October 2004, and its Implement which became effective on 1 May 2010.

According to the Regulation on Quality Management of Construction Projects (建設工程質量管理條例), all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the PRC (中華人民共和國安全生產法) promulgated by the SCNPC on 29 June 2002 and effective on 1 November 2002, and last amended on 10 June 2021, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by the State Council on 24 November 2003 and became effective on 1 February 2004, Regulation on Work Safety Licences (安全生產許可證條例) by State Council on 13 January 2004 and effective on the same date, and amended on 29 July 2014 and became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation (生產安全事故報告和調查處理條例) promulgated by the State Council on 12 July 2007 and became effective on the same date, and the latest amendment was enacted on 2 April 2015 and became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the PRC (中華人民共和國安全生產法), Regulation on Work Safety Licences (安全生產許可證條例) and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例), all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 and became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例), the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

Air Pollution

The Air Pollution Prevention Law of the PRC (中華人民共和國大氣污染防治法), promulgated on 29 April 2000 by the Standing Committee of the National People's Congress, which became effective on 1 September 2000 and amended on 29 August 2015 and 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and amended on 15 March 1996, 28 February 2008 and 27 June 2017, which became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law of the PRC (中華人民共和國環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996 amended on 29 December 2018, which became effective on the same date, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, which became effective on the same date, and the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998 and amended on 1 October 2017, which became effective on 1 October 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Qualifications of Real Estate Developers

A PRC property developer must hold a valid qualification certificate to develop property. In addition, at various stages of project development, a PRC property developer must also obtain or renew various licences, certificates, permits and approvals from the relevant PRC administrative authorities, including land use right certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) issued on 29 March 2000 and amended on 4 May 2015 by MOHURD, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the issue of the provisional qualification certificate, it will not be allowed to extend the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfill all statutory requirements before they may obtain or renew their qualification certificates.

Land Acquisition Laws

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the MLR (“Circular 11”) provide that, from 1 July 2002, land use rights for the purposes of commerce, tourism, entertainment and commodity residential property development in China shall be granted by the government only through public tender, auction or listing-for-sale.

In September 2007, the MLR further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Invitation for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定) to amend Circular 11, requiring that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates.

In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). This notice raises the minimum down payment for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

The MLR promulgated the Notice on Problems Regarding Strengthening Supply and Monitoring of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) on 8 March 2010. According to the notice, the land provision for affordable housing, redevelopment of slum districts and small/medium residential units for occupier owner should be no less than 70 per cent. of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The notice also requires that the lowest land grant price should not be less than 70 per cent. of the basic land price of the place where the granted land is located and the real estate developer’s bid deposit should not be less than 20 per cent. of the lowest grant price. The land grant agreement must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50 per cent. and must be paid within one month after the execution of the land grant agreement. The balance should be paid in accordance with the agreement, but no later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land shall not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On 21 September 2010, the MLR and the MOHURD issued the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (國土資源部住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知) to tighten the examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders’ borrowing, on-lending or raised funds and the credit certificate issued by commercial financial institutions. If the bidders are found to have conducted any of the following illegal or irregular activities, the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises’ reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

On 25 March 2015, the MLR and the MOHURD issued the Notice on Optimizing the Housing and Land Supply Structure in 2015 and Promoting Stable and Sound Development of Real Estate Market (國土資源部、住房城鄉

建設部關於優化 2015 年住房及用地供應結構促進房地產市場平穩健康發展的通知), pursuant to which if the real estate enterprises have conducted serious illegal or irregular activities in the land development and transaction, the competent authorities of land and resources have the power to restrict or forbid the real estate enterprises from participating in new land bidding activities.

On 19 May 2018, the MOHURD issued the promulgated the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (Jianfang (2018) No. 49) (關於進一步做好房地產市場調控工作有關問題的通知(建房(2018)49 號)), which stipulates real property developers can only use their own funds to purchase land.

Land Use Rights

If a developer fails to develop the project according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land use rights. Any violation of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating in, future land bidding. Specifically, pursuant to the Measure on Disposal of Idle Land (閒置土地處置辦法) which was promulgated by MLR on 28 April 1999, as amended on 1 June 2012 and became effective on 1 July 2012, if a developer fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on such developer and conduct investigation of land conditions and reasons for delaying of construction within 30 days. After investigation, the relevant PRC land bureau is entitled to impose an idle land fee of up to 20 per cent. of the land premium, unless the delay in the development is caused by government actions or force majeure. If a developer fails to commence the development for more than two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC Government unless the delay in development is caused by government actions or force majeure. On 21 March 2013, the MLR promulgated the Notice on the Issuance of Model Legal Instrument of Disposal of Idle Land and Case Table of Disposal of Idle Land (關於印發閒置土地處置法律文書範文本和閒置土地處置案卷表的通知) to further standardise the process of the investigation, identification and disposal of idle lands. On 12 September 2014, the Ministry of Land and Resources issued the Guidelines on Improving Economical and Intensive Use of Land (關於推進土地節約集約利用的指導意見), which implements the rules regarding idle land and specifies the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which required commercial banks to cease to grant loans for new development projects and renewal of loans to property developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the use and nature of land, delaying the construction commencement and completion and refusing to sell the properties. On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (Guobanfa (2011) No 1) (關於進一步做好房地產市場調控工作有關問題的通知(國辦發(2011)1 號)), which stipulates that the PRC Government will confiscate land use rights and impose an idle land fee of up to 20 per cent. of the land premium if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract. In addition, the land and the land development project can be transferred only if the land price is fully paid, the investment in real estate development and construction is more than 25 per cent. of the total investment amount (excluding the land price), the completion date of the project is fixed and the pre-sale permit is obtained, pursuant to the Regulation on the Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council on 20 July 1998 and last amended on 29 November 2020.

Pre-Sale Regulations

If the company fails to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. Pursuant to Interpretations on Certain Issues Concerning the Application of Law in Trying Cases Involving Disputes over Contracts on Purchase and Sale of Commodity Premises by Supreme People's Court (最高人民法院關於審理商品房買賣合同糾紛案件適用法律若干問題的解釋) enacted on 28 April 2003 and enforced on 1 June 2003, if the company still fails to deliver the

properties to the purchasers within the grace period stipulated in the presale contracts, the purchasers have the right of termination.

According to Administrative Measures for the Sale of Commodity Houses (商品房銷售管理辦法) issued by Ministry of Construction on 4 April 2001 and enforced on 1 June 2001, if the actual GFA of a completed property delivered to purchasers deviates by more than 3 per cent. from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages.

According to the Notice of Further Regulation on the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) issued by the General Office of the State Council on 26 February 2013, since 2013, local governments shall raise the threshold of commodity housing pre-sales, strengthen the licence management such as construction investment, and delivery time period, guide real estate developers to price the commodity housing rationally, and steadily promote the reform of the pre-sale system of commodity housing. The local government may refuse to issue the pre-sale certificate to: (i) the development project of which the pre-sale price is unreasonably high and the developer refuses to accept the direction of relevant government authority; and (ii) the commodity housing project of which the developer does not accept supervision on the pre-sale capital of the relevant project.

Completion Acceptance Examination

According to the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council and effective on 20 July 1998 and amended on 8 January 2011, 24 March 2019 and 27 March 2020, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) enacted and enforced by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) enacted by the MOHURD on 7 April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) enacted and revised by the MOHURD and effective on 2 December 2013, after completion of work for a project, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination upon project completion.

Construction of Subsidised Residential Premises

According to the Administrative Measures for subsidised Residential Premises (經濟適用房管理辦法) enacted and enforced on 19 November 2007, construction companies of subsidised Residential Premises shall bear the ultimate responsibility for the quality of their subsidised Residential Premises construction projects and provide each buyer with a “Letter of Quality Assurance” and “Home Guide”. Construction companies shall also provide guarantees and undertake maintenance and repairs to ensure engineering quality and usage safety. Requirements on residence quality and performance shall be clearly stated in the construction contract. Construction and supervision companies with good professional standing and good record of social responsibilities shall be selected, through tendering and bidding, for the construction and supervision of subsidised residential premises projects.

Leases of Properties

On 1 December 2010, the MOHURD issued the Administrative Measures for Commodity Housing Tenancy (商品房租賃管理辦法), according to which parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent governmental construction (real estate) departments of the county, city, or directly-controlled municipality where the housing is located within 30 days of signing the housing tenancy contract. The relevant construction (real estate) departments are authorised to impose a fine of up to RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other legal entities which are not natural persons and which fail to comply with the regulations within the specified time limit.

On 17 May 2016, the General Office of the State Council issued the Opinions on Accelerating the Cultivation and Development of Leasing Market (國務院辦公廳關於加快培育和發展住房租賃市場的若干意見), which encourages real estate developers to carry out house leasing businesses. The opinions supports real estate developers to utilise built residential properties or newly built residential properties to carry out leasing businesses. The opinions also encourages real estate developers to put up the residential properties for rent and to cooperate with residential property leasing enterprises to develop rental properties.

On 18 July 2017, MOHURD, NDRC and other government departments jointly released the Circular on Accelerating the Development of the Housing Leasing Market in Large and Medium-sized Cities with a Large Inflow Population (關於在人口淨流入的大中城市加快發展住房租賃市場的通知). According to this circular, the government will take multiple measures to speed up the development of the rental market and increase supply of rental housing, including but not limited to, encouraging the local governments to increase land supply for the development of property for rental and increasing the proportion of rental housing to the commercial residential building projects.

Qualification of Construction Enterprises

Major laws and regulations on construction activities include the Construction Law of the PRC (中華人民共和國建築法) amended by Standing Committee of the National People's Congress (the "SCNPC") on 22 April 2011, 23 April 2019 and became effective on 23 April 2019, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 6 October 1995 and became effective on 15 October 1995, the latest amendment of which was enacted on 22 December 2018 and became effective on the same date, Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) issued by MOHURD on 31 January 2015 and became effective on 1 March 2015 with amended version enacted and becoming effective on 16 January 2020, Criterion for Qualification of Construction Enterprises (建築業企業資質標準) promulgated by MOHURD on 6 November 2014 and became effective on 1 January 2015, subsequently revised on 14 October 2016 and became effective on 1 November 2016, Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) promulgated by MOC on 26 June 2007 and became effective on 1 September 2007, of which the latest amendment was promulgated on 22 December 2018, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見) issued by MOC on 21 August 2007 which became effective on the same date and advised on 16 June 2016, Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) promulgated by MOC on 29 August 2001, amended on 26 June 2007, 13 May 2016, 17 May 2018 and became effective in July 2018, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) issued by MOC on 31 July 2007 and became effective on the same date.

In accordance with the aforementioned laws and regulations and other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only engage in construction activities within the scope of their qualification grade certificates, which include the qualifications of general contractors, professional contractors and construction labour services. Under the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualification grade certificates based on their assets, professionals, projects completed and technical equipment.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011 and amended on 29 December 2018 which became effective on the same date, the Interim Regulations

on the Collection and Payment of Social Insurance Premiums (社會保險費征繳暫行條例), promulgated by the State Council on 22 January 1999 and amended on 24 March 2019 which became effective on the same date, which became effective on 22 January 1999, Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019 which became effective on the same date, the Regulations on Work-related Injury Insurances (工傷保險條例), promulgated on 27 April 2003, effective on 1 January 2004 and amended on 20 December 2010, the Regulations on Unemployment Insurance (失業保險條例), promulgated and effective on 22 January 1999, and the Trial Procedures for Childbirth Insurance of Enterprise Employees (企業職工生育保險試行辦法), promulgated on 14 December 1994 and effective on 1 January 1995, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Foreign Exchange Administration

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013 and revised on 4 May 2015, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within the prescribed time. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

On 12 January 2017, the PBOC issued the Circular of the People's Bank of China on Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross Border Financing Circular**”), which came into effect on the same date. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular; all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer. Persons considering the purchase of the Bonds should consult their own advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “Taxation – PRC” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008. See “Risk Factors – Risks Relating to the Bonds – Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value added tax under PRC tax laws” and “Risk Factors – Risks Relating to the Bonds – Stamp duties may also be imposed during the issuance and transfer of the Bonds”.

Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders shall be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

Such income tax would be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders.

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

There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied., as there is no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there is uncertainty as to whether or not China (Shanghai) Pilot Free Trade Zone resident investors would be treated as non-resident enterprises or

individuals of the PRC. In the event that China (Shanghai) Pilot Free Trade Zone resident investors holding the Bonds are treated as PRC tax residents, such holders may be subject to additional PRC taxes (or higher PRC tax rates) in relation to any interest income or gains realised on the transfer of the Bonds. China (Shanghai) Pilot Free Trade Zone resident investors should further consult their own legal and tax advisors in relation to their EIT and IIT obligations.

Value Added Tax

On 23 March 2016, the MOF and the SAT issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, which was amended on 20 March 2019, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is six per cent. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of six per cent. The Issuer will be obligated to withhold VAT of six per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals.

Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例 (2011 修訂)), which is the latest version and was enacted on 8 January 2011, Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定 (2011 修訂)), which is the latest version and was enacted on 8 January 2011, Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政府有關問題的通知), the latest version of which was enacted on 7 January 2011, Rules for the Implementation of Provisional Regulations on Urban Maintenance and Construction Tax in Shanghai City (上海市城市維護建設稅實施細則), effective on 1 January 1985, Notice of the State Council on Raising Funds for Administering Rural Schools (Guo Fa [1984] No. 174) (國務院關於籌措農村學校辦學經費的通知 (國發[1984]174 號)) enacted on 13 December 1984, and Measures of Shanghai Municipality on the Administration of Additional Levy for Local Education (上海市地方教育附加徵收管理辦法), the latest version of which was amended on 1 January 2011, any organisation or individual liable to consumption tax, VAT and business tax (merged into VAT since 1 May 2016) shall be a payer of urban maintenance and construction tax and the tax rate is 7 per cent. of the tax amount payable of consumption tax. In addition, all entities that pay consumption tax, VAT or business tax shall pay education surcharges, except for entities that pay rural education surcharges and the rate is 5 per cent. in total based on the amount of VAT, business tax and consumption tax actually paid by entities and individual.

Pursuant to Notice by the Ministry of Finance and the State Administration of Taxation of the Enterprise Income Tax and Value-Added Tax Policies for Overseas Institutions' Investment in the Domestic Bond Market (財政部、稅務總局關於境外機構投資境內債券市場企業所得稅增值稅政策的通知) issued in 2018, interest income derived by overseas institutional investors from their investment in China bond markets shall be exempt from EIT and VAT for the period from 7 November 2018 to 6 November 2021. This exemption applies to overseas institutional investors that do not have an establishment in China, or if there is an establishment in China, the bond interest is not effectively connected with the establishment. However, as there is no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there is uncertainty as to whether or not China (Shanghai) Pilot Free Trade Zone resident investors would be treated as non-resident enterprises or individuals of the PRC. In the event that China (Shanghai) Pilot Free Trade Zone resident investors holding the Bonds are treated as PRC tax residents, such holders may be subject to additional PRC VAT on the transfer of the Bonds. China (Shanghai) Pilot Free Trade Zone resident investors should further consult their own legal and tax advisors in relation to their VAT obligations.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds, as further set out in “*Terms and Conditions of the Bonds*”.

Stamp Duty

According to Interim Regulation of the PRC on Stamp Duty promulgated by the State Council on 6 August 1988, and implemented on 1 October 1988 and amended on 8 January 2011 and its implementation rules, enterprises or individuals which receive any instruments specified in these rules within the territory of PRC or to the extent that

any such instruments have legally binding effect within the territory of PRC and are protected under PRC laws shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments. However, there are no specific regulations or guidelines relating to the taxation of the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone. Although the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone may not be treated as issuance of debt instruments in China, there can be no assurance that the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or use of any other taxable instruments in the PRC and thus be subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. Given that the Deed of Covenant will be executed in Shanghai, China, if the issuance or transfer of the Bonds is treated in the same way as the entering into of a loan contract or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. the investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent for issuance of bond and 0.05 per cent for transfer of the amount borrowed, or any other rate applicable to the issuance or transfer of the Bonds (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

Hong Kong

Withholding Tax

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

Profits Tax

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

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

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

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

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

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

Stamp Duty

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

FATCA

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Manager dated 18 October 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to Manager, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds.

The Subscription Agreement provides that the obligations of the Manager are subject to certain conditions precedent and entitles the Manager to terminate it in certain circumstances prior to payment being made to the Issuer and the Bonds being issued.

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

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

General

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

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

United States

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold to non-U.S. persons outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirement of the Securities Act.

United Kingdom

The Manager has represented, warranted and agreed that:

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

Hong Kong

The Manager has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds 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
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules under that Ordinance.

PRC

The Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws or any other applicable laws and regulations of the PRC. However, in respect of the special arrangement in the China (Shanghai) Pilot Free Trade Zone, the Bonds are allowed to be offered or sold, directly or indirectly, in the China (Shanghai) Free Trade Zone to the extent that such offer or sale is permitted by the securities laws or any other applicable laws or regulations of the PRC, or approved by the relevant PRC regulatory authorities.

Singapore

The Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Group's Consolidated Financial Statements included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Reversal of Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, among others), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related Party Disclosures

Under PRC GAAP, government-related entities are not treated as related parties.

Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

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

GENERAL INFORMATION

1. **Central Depository:** The Bonds will be initially issued in uncertificated book-entry form entered in CCDC (CCDC Code: G218005).
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Deed of Covenant and the Agency Agreement. The issue of the Bonds by the Issuer was approved by the Party Committee of the Issuer in March 2020, the board resolutions of the Issuer dated 10 April 2020 and the approval by Shanghai SASAC dated 7 May 2020. PRC counsel to the Issuer and PRC counsel to the Manager have advised that no other approvals or consent are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for the filing of the requisite information and documents with the NDRC within prescribed time. For consequences of non-registration, see *“Risk Factors – Risks Relating to the Bonds – Any failure to complete the relevant filings under the NDRC Circular and the relevant registration with SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds”*.

As currently there are no specific regulations or guidelines relating to the issuance of cross-border debt securities in the China (Shanghai) Pilot Free Trade Zone, there is some uncertainty regarding the interpretation and application of PRC taxation or foreign exchange related laws and regulations to the Bonds. See *“Taxation”*, *“Risk Factors – Risks Relating to the Bonds – Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value added tax under PRC tax laws”* and *“Risk Factors – Risks Relating to the Bonds – Stamp duties may also be imposed during the issuance and transfer of the Bonds”*. Investors should consult their own legal and tax advisors as needed before making their investment decision.

3. **No Material and Adverse Change:** Except as otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and the offering of the Bonds since 31 December 2020.
4. **Litigation:** Except as otherwise disclosed in this Offering Circular, neither the Issuer nor any other member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.
5. **Available Documents:** From the Issue Date and so long as any Bond is outstanding, Bondholders may log on to CCDC’s website (www.chinabond.com.cn) to inspect copies of the Issuer’s Audited Consolidated Financial Statements, the Deed of Covenant and the Agency Agreement relating to the Bonds.
6. **Financial Statements:** The Issuer’s Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited by BDO as stated in its reports dated 15 May 2020 and 26 April 2021, respectively.
7. **Listing of Bonds:** Approval in-principle has been received for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Group, its subsidiaries or the quality of disclosure in this Offering Circular. Under the rules of SGX-ST, the Bonds, if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for as long as any of the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded in a minimum board lot size of at least CNY1,000,000.

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

INDEX TO FINANCIAL STATEMENTS

The consolidated financial statements of the Issuer as at and for the year ended 31 December 2020

Auditors' Report.....	F-4
Consolidated Balance Sheet.....	F-7
Consolidated Income Statement	F-11
Consolidated Statement of Cash Flows	F-14
Consolidated Statement of Changes in Owners' Equity.....	F-16
Company's Balance Sheet.....	F-22
Company's Income Statement	F-26
Company's Statement of Cash Flows	F-29
Company's Statement of Changes in Owners' Equity	F-31
Notes to the Financial Statements	F-37

The consolidated financial statements of the Issuer as at and for the year ended 31 December 2019

Auditors' Report.....	F-307
Consolidated Balance Sheet.....	F-310
Consolidated Income Statement	F-314
Consolidated Statement of Cash Flows	F-317
Consolidated Statement of Changes in Owners' Equity.....	F-319
Company's Balance Sheet.....	F-323
Company's Income Statement	F-327
Company's Statement of Cash Flows	F-330
Company's Statement of Changes in Owners' Equity	F-332
Notes to the Financial Statements	F-336

ISSUER

Shanghai Land (Group) Co., Ltd
(上海地產(集團)有限公司)
No.928 Xueye Road
Pudong New Area
Shanghai 200125 PRC

PRINCIPAL AGENT

China Central Depository & Clearing Co., Ltd.
(中央國債登記結算有限責任公司)
No.10, Finance Street
Xicheng District
Beijing, PRC

REGISTRAR

China Central Depository & Clearing Co., Ltd.
(中央國債登記結算有限責任公司)
No.10, Finance Street
Xicheng District
Beijing, PRC

LEGAL ADVISORS

*To the Issuer
as to English law*

King & Wood Mallesons
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

*To the Issuer
as to PRC law*

Beijing Dacheng Law Offices, LLP (Shanghai)
9F/24F/25F, Shanghai World Financial Center,
100 Century Avenue
Shanghai 200120 PRC

*To the Manager
as to English law*

Fangda Partners
26/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

*To the Manager
as to PRC law*

JunHe LLP
20/F, China Resources Building
No. 8 Jianguomenbei Avenue
Beijing 100005 PRC

AUDITOR TO THE ISSUER

BDO China Shu Lun Pan Certified Public Accountant LLP
(立信會計事務所(特殊普通合夥))
6th Floor, No. 99 Hankou Road
Huangpu District
Shanghai, PRC