IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NEW BONDS (AS DEFINED HEREIN) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NEW BONDS MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE 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.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to the Issuer (as defined herein), the Company (as defined herein) and the Joint Lead Managers (as defined herein) that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of the attached Offering Circular and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the New Bonds, you will be doing so in an offshore transaction as defined in Regulation S under the Securities Act in compliance with Regulation S thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents (each as defined herein) or any of their affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

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

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

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

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

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

ZHEJIANG BOXIN (BVI) LIMITED
浙江柏鑫(英属维尔京)有限公司

(incorporated in the British Virgin Islands with limited liability)

U.S.$125,000,000 5.9 PER CENT. BONDS DUE 2024

(to be consolidated and form a single series with the U.S.$200,000,000 5.9 per cent. bonds due 2024 issued on 13 June 2023 upon issue)

WITH THE BENEFIT OF A KEEPWELL AND LIQUIDITY SUPPORT DEED AND

A DEED OF EQUITY INTEREST PURCHASE UNDERTAKING BY

HANGZHOU SHANGCHENG DISTRICT URBAN CONSTRUCTION INVESTMENT GROUP CO. LTD.
(杭州上城區城市建設投資集團有限公司)

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

ISSUE PRICE FOR THE NEW BONDS: 99.478272 PER CENT.

plus an amount corresponding to the accrued interest from, and including, 13 June 2023 to, but excluding 18 July 2023

The 5.9 per cent. bonds due 2024 in the aggregate principal amount of U.S.$125,000,000 (the "**New Bonds**") will be issued by Zhejiang Boxin (BVI) Limited 浙江柏鑫(英属维尔京)有限公司 (the "**Issuer**"). The New Bonds will have the same terms and conditions as the U.S.$200,000,000 5.9 per cent. bonds due 2024 (the "**Existing Bonds**", together with the New Bonds, the "**Bonds**") of the Issuer, which were issued on 13 June 2023 (the "**Original Issue Date**") in all respects save for the issue date. The New Bonds will be consolidated and form a single series with the Existing Bonds and vote together with the Existing Bonds as one series on all matters with respect to the Bonds upon issue on 18 July 2023 (the "**New Issue Date**"). The New Bonds will be immediately fungible with the Existing Bonds upon issue on the New Issue Date.

The New Bonds will be constituted by, are subject to, and have the benefit of a trust deed dated 13 June 2023 (the "**Original Trust Deed**") as amended and supplemented by a supplemental trust deed to be entered into on or about 18 July 2023 (the "**Supplemental Trust Deed**", and together with the Original Trust Deed, the "**Trust Deed**"), and are subject to, and have the benefit of, an agency agreement dated 13 June 2023 (the "**Original Agency Agreement**") as amended and supplemented by a supplemental agency agreement to be entered into on or about 18 July 2023 (the "**Supplemental Agency Agreement**", and together with the Original Agency Agreement, the "**Agency Agreement**"). References in this Offering Circular to the "**Bonds**" shall be to the Existing Bonds and the New Bonds collectively.

The Issuer and Hangzhou Shangcheng District Urban Construction Investment Group Co. Ltd. (杭州上城區城市建設投資集團有限公司) (the "**Company**") have, in relation to the Existing Bonds, entered into a keepwell and liquidity support deed on the Original Issue Date (the "**Original Keepwell Deed**") with China Construction Bank (Asia) Corporation Limited (中國建設銀行（亞洲）股份有限公司) (the "**Trustee**") as trustee and will enter into a supplemental keepwell and liquidity support deed in relation to the New Bonds on or about the New Issue Date with the Trustee (the "**Supplemental Keepwell Deed**", and together with the Original Keepwell Deed, the "**Keepwell Deed**") as further described in "*Offer Structure — The Keepwell and Liquidity Support Deed*" and "*Description of the Keepwell Deed*". Furthermore, the Company has, in relation to the Existing Bonds, entered into a deed of equity interest purchase undertaking on the Original Issue Date (the "**Original Deed of Equity Interest Purchase Undertaking**") with the Trustee and will enter into a supplemental deed of equity interest purchase undertaking with the Trustee in relation to the New Bonds on or about the New Issue Date (the "**Supplemental Deed of Equity Interest Purchase Undertaking**", and together with the Original Deed of Equity Interest Purchase Undertaking, the "**Deed of Equity Interest Purchase Undertaking**") as further described in "*Offer Structure — The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*".

None of the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking constitutes a direct or indirect guarantee of the Bonds by the Company and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company. For further details, see "*Risk Factors — Risks Relating to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking — Neither the Keepwell Deed nor the Deed of Equity Interest Purchase Undertaking from the Company is a guarantee of the payment obligations of the Issuer and the Company under the Bonds and may not give rise to a debt claim or be recognised by PRC courts in the event of any insolvency proceedings in relation to the Company*".

The Bonds bear interest on their outstanding principal amount from and including the Original Issue Date at the rate of 5.9 per cent. per annum, payable in arrear in a fixed amount of U.S.$29.50 per Calculation Amount (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions of the Bonds**")) on 13 December 2023 and a fixed amount of U.S.$29.17 per Calculation Amount on 11 June 2024.

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) 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 laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in either case, any political subdivision or any authority therein or thereof having power to tax, to the extent described in Condition 8 of the Terms and Conditions of the Bonds.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer or (as the case may be) the Company. See "*Risk Factors — Risks Relating to the Bonds — The PRC government has no legal obligations under the Bonds*".

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on 11 June 2024 (the **"Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice which shall specify the date for redemption in accordance with Condition 16 of the Terms of Conditions of the Bonds (which shall be irrevocable) to Bondholders (as defined in the Terms and Conditions of the Bonds) and in writing to the Trustee and the Principal Paying Agent (as defined in the Terms and Conditions of the Bonds), at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands or the PRC. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount, together with any interest accrued to (but excluding) such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control*".

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

Investing in the New Bonds involves risks. See "*Risk Factors*" beginning on page 16 for a discussion of certain factors to be considered in connection with an investment in the New Bonds.

The New 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. The New Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the New Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Existing Bonds are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Approval in-principle has been received from the SGX-ST for the listing of and quotation for the New 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 New Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Group (as defined herein), the Group's associated companies or the New Bonds.

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

Fitch Ratings, Inc. ("**Fitch**") has assigned a corporate rating of "BBB" with a stable outlook to the Company. The Existing Bonds have been assigned a rating of "BBB" by Fitch and the New Bonds are expected to be rated "BBB" by Fitch. The ratings are only correct as at the date of this Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner

China International Capital Corporation

Joint Lead Managers and Joint Bookrunners

BOCOM International	**CCB International**	**China Industrial Securities International**	**China Securities International**	**CMBC Capital**	**CNCB Capital**
GF Securities	**Haitong International**	**JQ Securities**	**Shanghai Pudong Development Bank Hong Kong Branch**	**Shenwan Hongyuan (H.K.)**	**SPDB International**

Offering Circular dated 11 July 2023

IMPORTANT NOTICE

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

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the New 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).

Each of the Issuer and the Company accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all information with respect to the Issuer, the Company, the Group, the New Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking which is material in the context of the issue and offering of the New Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer, the Company, the Group, the New Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Company and the Group and of the rights attaching to the New Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking); (ii) the statements with respect to the Issuer, the Company, the Group, the New Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking contained in this Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions, intentions and forward-looking statements with respect to the Issuer, the Company and the Group expressed in this Offering Circular are, honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Company, the Group, the Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Keepwell Deed and the Supplemental Deed of Equity Interest Purchase Undertaking or the New Bonds, the omission of which would, in the context of the issue and offering of the New Bonds, make any statement in this Offering Circular misleading in any material respect; (v) this 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 herein, in the light of the circumstances under which they were made, not misleading; and (vi) the statistical, industry and market-related data included in this Offering Circular (if any), are based on or derived or extracted from sources which each of the Issuer and the Company believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer and the Company solely for use in connection with the proposed offering of the New Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China International Capital Corporation Hong Kong Securities Limited, BOCOM International Securities Limited, CCB International Capital Limited, China Industrial Securities International Brokerage Limited, China Securities (International) Corporate Finance Company Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited, JQ Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Shenwan Hongyuan Securities (H.K.) Limited and SPDB International Capital Limited (together, the "**Joint Lead Managers**"), the Issuer or the Company to subscribe for or purchase any of the New Bonds. The distribution of this Offering Circular and the offering of the New Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Company and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Bonds or the distribution of this Offering Circular or any offering or publicity material relating to the New Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the New Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the New Bonds and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the New Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular.

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

No person has been or is authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the New Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Company 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.

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

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by or on behalf of the Joint Lead Managers, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them, in connection with the Issuer, the Company, the Group, the issue and offering of the New Bonds or the giving of the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking. Each of the Joint Lead Managers, the Trustee and the Agents and each of their respective representatives, directors, officers, employees, agents, advisers and affiliates and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them, undertakes to review the financial condition or affairs of the Issuer, the Company or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the New Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them.

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

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on market research, public information and industry publications. Market research, public information and industry publications generally state that the information that they contain has been obtained from sources believed to be reliable and accurate but that the accuracy and completeness of such information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or their respective representatives, employees, agents, affiliates, directors, officers and advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. 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.

IN CONNECTION WITH THE ISSUE OF THE NEW BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF A STABILISATION MANAGER) MAY OVER-ALLOT NEW BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE

PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NEW BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE NEW ISSUE DATE OF THE NEW BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

None of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them are making any representations regarding the legality of an investment in the New Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the New Bonds.

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 offering of the New Bonds. If any investor is in any doubt about any of the contents of this Offering Circular, that investor should obtain independent professional advice.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the New Bonds, including certain Joint Lead Managers, are "capital market intermediaries" (the "**CMIs**") subject to paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (the "**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer, or any CMI (including its group companies) should specifically disclose this when placing an order for the New Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial information of the Company as at and for the year ended 31 December 2022 which has been derived from the audited consolidated financial statements of the Company as at and for the year ended 31 December 2022 (the "**Company's 2022 Audited Financial Statements**").

This Offering Circular contains the audited consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 and for the years ended 31 December 2020 and 2021 which has been derived from the audited consolidated financial statements of the Company as at and for the year ended 31 December 2021 (the "**Company's 2021 Audited Financial Statements**").

This Offering Circular contains the pro forma audited consolidated financial information of the Company as at and for the year ended 31 December 2020, which has been derived from the pro forma audited consolidated financial statements of the Company as at and for the years ended 31 December 2018, 2019 and 2020 (the "**Company's Pro Forma Audited Financial Statements**", together with the Company's 2022 Audited Financial Statements and the Company's 2021 Audited Financial Statements, the "**Company's Financial Statements**").

In 2021, the MOF promulgated certain new accounting standards and requirements in relation to financial instruments (the "**New Financial Instrument Standards**"). The Company's 2021 Audited Financial Statements were prepared and presented in accordance with the New Financial Instrument Standards. As a result, the presentation of certain accounting items in the Company's consolidated financial statements as at 1 January 2021 may not be comparable to the financial figures in the financial statements of the Company for the previous periods. For details of the New Financial Instrument Standards and its impact on the Company's 2021 Audited

Financial Statements, please see "*Note IV.34 Changes in Significant accounting policies and estimates*" of the Company's 2021 Audited Financial Statements.

The Company's Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC as amended from time to time ("**PRC GAAP**"). The Company's Financial Statements have been audited by Peking Certified Public Accountants (中勤万信会计师事务所(特殊普通合伙)) ("**Peking CPA**"), the independent auditors of the Company. PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

This Offering Circular includes figures relating to earnings before interest, taxes, depreciation and amortisation ("**EBITDA**", as further described in footnote 3 in "*Summary Consolidated Financial Information of the Company*"). EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Group has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

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》發改外資[2018]706 號) (the "**Joint Circular**"), any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, "**Public Assets**") cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debts. The Group's Public Assets have not been excluded from the Company's Financial Statements included elsewhere in this Offering Circular. See "*Risk Factors — Risks relating to the Group's Business — Any public assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed.*" for further information.

CERTAIN TERMS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, Macau and Taiwan); all references to "**Macau**" are to the Macau Special Administrative Region of the People's Republic of China; all references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC; all references to "**Singapore**" are to the Republic of Singapore; all references to "**S$**" are to be lawful currency of Singapore; all references to the "**United States**" and "**U.S.**" are to the United States of America; and all references to "**U.S.$**" 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 or the Company has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.8972 to U.S.$1.00 (the noon buying rate in New York City on 30 December 2022 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rate Information*". No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or *vice versa*.

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

- "**GDP**" refers to gross domestic product;
- "**Hangzhou Municipal Government**" refers to the People's Government of Hangzhou City of the PRC;
- "**MOF**" refers to the Ministry of Finance of the PRC;
- "**MOFCOM**" refers to the Ministry of Commerce of the PRC;
- "**NDRC**" refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- "**NFRA**" refers to the National Financial Regulatory Administration;
- "**PBOC**" refers to the People's Bank of China;
- "**PRC government**" refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- "**SAFE**" refers to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- "**SASAC**" refers to the State-owned Assets Supervision and Administration Commission of the PRC;
- "**SAT**" refers to the State Taxation Administration of the PRC;
- "**Shangcheng District Finance Bureau**" refers to the Finance Bureau of Shangcheng District;
- "**Shangcheng District Government**" refers to the People's Government of Shangcheng District;

- "**Shangcheng District Organisation Department**" refers to the Organisation Department of Shangcheng District;
- "**Shangcheng SOCO**" refers to Hangzhou Shangcheng State-owned Capital Operation Co., Ltd. (杭州上城區國有資本運營集團有限公司); and
- "**State Council**" refers to the State Council of the PRC.

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 name prevails.

FORWARD-LOOKING STATEMENTS

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

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group's capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC government and the Hangzhou Municipal Government and the rules, regulations and policies of the relevant governmental authorities relating to 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;
- changes in global economic conditions; and
- other factors, including those discussed in "*Risk Factors*".

Neither the Issuer nor the Company undertakes 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 words "believe", "expect", "anticipate", "estimate", "intend", "plan", "seek" and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer, the Company or the Group discussed in this Offering Circular regarding matters that are not historical facts. Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove correct. The Group undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "*Risk Factors*" and elsewhere in this Offering Circular, the forward-looking statements in this Offering Circular are not and should not be construed as assurances of future performance and the Issuer's, the Company's and the Group's actual results could differ materially from those anticipated in those forward-looking statements.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in 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 particularly the section entitled "Risk Factors", before making an investment decision.

OVERVIEW

The Company is a state-owned enterprise located in Shangcheng District, Hangzhou, Zhejiang Province. The Group is one of the most important land development and urban infrastructure construction entities in Shangcheng District and is responsible for the functions of urban construction and operations. It plays an important role in the urban planning and municipal construction works of the Shangcheng District Government.

As at the date of this Offering Circular, the Company is directly and wholly-owned by Shangcheng SOCO, which is turn directly and wholly-owned by the Shangcheng District Finance Bureau, a department of the Shangcheng District Government. As at the date of this Offering Circular, the registered capital of the Company is RMB6.8 billion. As at 31 December 2022, the Company had total assets of RMB74,722.2 million on a consolidated basis. The Company's key subsidiaries include Wanghaichao Construction Co., Ltd. (杭州望海潮建設有限公司) ("**Wanghaichao Construction**") and Hangzhou Shangcheng District Urban Construction & Comprehensive Development Co., Limited (杭州上城區城市建設綜合開發有限公司) ("**Shangcheng Comprehensive Development**").

The Group's businesses are primarily concentrated in the Shangcheng District. Historically, through its subsidiaries, the Group has focused on land development and infrastructure construction as its main businesses. It has gradually developed supporting businesses and is currently operating in four major business segments which complement one another, namely, (i) primary land development and consolidation, (ii) urban infrastructure construction and operation, (iii) resettlement housing construction and sale and (iv) commodity sales and other businesses. Other businesses include sale of parking spaces, property leasing, lending, parking lot and supply chain businesses. In February 2022, the Group ceased to operate its security service business but entered into a framework agreement with Hangzhou CIEC (as defined below) for the establishment of a joint venture to enter into the supply chain business. See "*Description of the Group — Recent Developments*" for more information. Set forth below is an overview of the principal business segments of the Group as at the date of this Offering Circular:

- ***Primary Land Development and Consolidation:*** Primary land development and consolidation generally refers to the process of preparing the land for the purposes of public tender, auction and listing-for-sale, and typically involves relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and installing basic infrastructure for future property development. The Group conducts its primary land development and consolidation business primarily through its wholly-owned subsidiaries, Wanghaichao Construction and Shangcheng Comprehensive Development. The Group focuses its primary land development and consolidation projects in the Genbei (艮北) and Pufu (普福) areas in the Shangcheng District as authorised by the Shangcheng District Government. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's primary land development and consolidation business was RMB3,255.8 million, RMB1,330.2 million and RMB3,932.1 million, respectively, accounting for 92.7 per cent., 49.9 per cent. and 74.9 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Urban Infrastructure Construction and Operation:*** As the most important platform via which the Shangcheng District conducts infrastructure construction in the Shangcheng District, the Group undertakes construction management of a number of key infrastructure projects in the Shangcheng District on an agency construction basis. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's urban infrastructure construction and operation business was nil, RMB14.2 million and RMB30.1 million, respectively, accounting for nil per cent., 0.5 per cent. and 0.6 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Resettlement Housing Construction and Sale:*** The Group's resettlement housing construction and sale business involves the construction of apartment buildings intended to be sold to persons whose current residents have been designated for demolition. The Group is the key entity authorised by the Shangcheng District Government to take charge of the resettlement housing construction and sale in the Shangcheng District, including in the Genbei and Pufu areas. The Group conducts its resettlement housing construction and sale business segment primarily through Shangcheng Comprehensive Development and Wanghaichao Construction. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's resettlement housing construction and sale business was RMB28.3 million, RMB1,028.6 million and RMB701.2 million, respectively, accounting for 0.8 per cent., 38.5 per cent. and 13.4 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Commodity Sales and Other Businesses:*** The Group is also engaged in other ancillary businesses, including commodity sale, sale of parking spaces, property leasing, lending, parking lot and supply chain businesses. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's commodity sales and other businesses was RMB99.8 million, RMB265.6 million and RMB559.2 million, respectively, accounting for 2.8 per cent., 10.0 per cent. and 10.7 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

COMPETITIVE STRENGTHS

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

- Primary urban construction and operation entity in Shangcheng District and monopolistic advantages in various industries;
- Comprehensive guidance by the Shangcheng District Government with respect to the Group's operation and development;
- Strong historical support from government with respect to policies, resources and finances;
- Diversified financing channels to achieve lower financing costs; and
- Experienced and efficient management team with sound corporate governance system and comprehensive risk control system.

STRATEGIES

The Group aims to strengthen its advantageous position by serving and improving the living standards of the people of Shangcheng District and becoming a market-orientated evergreen enterprise with a healthy and sustainable future.

RECENT DEVELOPMENTS

Completion of the acquisition of Shangcheng Urban Investment and Business Administration

In December 2022, the Company entered into a share transfer agreement with the Shangcheng District Finance Bureau to acquire 100 per cent. shareholding in Shangcheng District Urban Investment and Business Administration Co., Ltd. (杭州上城區城投商業管理有限公司) ("**Shangcheng Urban Investment and Business Administration**"), which was wholly-owned by the Shangcheng District Finance Bureau prior to the acquisition, at a purchase price of RMB935.0 million. The share transfer was completed in March 2023 and the business filings have been made.

Entering into Supply Chain Businesses

In order to diversify the Group's business operations, the Group entered into a strategic framework agreement with Hangzhou CIEC Group Co., Ltd (杭州熱聯集團股份有限公司) ("**Hangzhou CIEC**") in March 2022 for the establishment of a joint venture, being Hangzhou Qiyu Supply Chain Service Co., Ltd. (杭州齊禹供應鏈服務有限公司) ("**Hangzhou Qiyu**"), to enter into the supply chain business for the trading and distribution of steel, cement, asphalt and other commodities. The cooperation with Hangzhou CIEC could help the Group diversify its income and increase its cash flow. Building on Hangzhou CIEC's business and logistic capabilities and risk control mechanisms, the Group is expected to expand its supply chain business while control the relevant risks.

In July 2022, Hangzhou Qiyu was established. The main business of Hangzhou Qiyu is to carry out centralised procurement of construction materials for supplying to local state-owned enterprises in Zhejiang province. As at the date of this Offering Circular, the Company holds 65 per cent. of the issued share capital of Hangzhou Qiyu.

Issuance of the Existing Bonds

On 13 June 2023, the Issuer issued the Existing Bonds, with the benefit of a keepwell and liquidity support deed and a deed of equity interest purchase undertaking by the Company. The proceeds from the Existing Bonds will be used for refinancing existing indebtedness, project construction and general corporate purposes of the Group.

OFFER STRUCTURE

The following is a description of the structure of the offering, which should be read in conjunction with the sections entitled "Risk Factors", "Terms and Conditions of the Bonds", "Description of the Keepwell Deed" and "Description of the Deed of Equity Interest Purchase Undertaking".

THE BONDS

The New Bonds will be issued by the Issuer on the New Issue Date, whereupon the New Bonds will be consolidated and form a single series with the Existing Bonds and vote together with the Existing Bonds as one series on all matters with respect to the Bonds. The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) 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 laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer is incorporated in the British Virgin Islands and is an indirectly wholly-owned subsidiary of the Company.

THE KEEPWELL DEED

By way of entering into the Keepwell Deed, the Company has undertaken in respect of the Existing Bonds and will in respect of the New Bonds undertake to provide intra-group credit-support for the Issuer.

The Keepwell Deed makes clear that none of the obligations contained therein and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction. The obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking may not give rise to a debt claim or be recognised by PRC courts in the event of any insolvency proceedings in relation to the Company. Further, the Keepwell Deed expressly provides that in order for the Company to comply with its obligations, the Company may be required to obtain certain PRC regulatory approvals which it shall use its best endeavours to obtain.

Material undertakings provided by the Issuer and/or the Company under the Keepwell Deed include:

(a) *Ownership of the Issuer by the Company* – the Company undertakes that it shall (i) directly or indirectly, be the single largest shareholder of the Issuer; (ii) procure that accounts of the Issuer are consolidated with those of the Company; (iii) procure that the title, rights and interests in the shares of the Issuer that are held by the Company are not pledged, charged or in any way encumbered; and (iv) directly or indirectly appoint all of the members of the board of directors of the Issuer;

(b) *Limitation on business activities of the Issuer* – the Company undertakes to procure that the Issuer shall (x) not carry on any business activity whatsoever other than in connection with the issue of the Bonds or any other debt securities and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of Bonds or any other debt securities to the Company or any other Subsidiaries of the Company);

(c) *Maintenance of consolidated net worth, liquidity, etc.* – the Company undertakes to procure (i) the Issuer to have a Consolidated Net Worth of at least U.S.$1.00 (or its equivalent in any other currency) at all times; (ii) the Issuer to have sufficient liquidity to make timely payment of any amounts payable by it under or in respect of the Bonds in accordance with the Terms and Conditions of the Bonds and/or the Trust Deed and the Issuer to have sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer; and (iii) the Issuer to remain solvent and a going concern at all times under the laws of its jurisdictions of incorporation or applicable accounting standards; and

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

Irrevocable Cross-Border Standby Facility, Liquidity Support and Parent Investment

The Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds, upon the receipt of a Trigger Notice given by the Trustee on the occurrence of any of the following events: (i) the Consolidated Net Worth of the Issuer falls below U.S.$1.00 (or its equivalent in any other currency) (a "**Financial Ratio Failure**"), (ii) an Event of Default (as defined in the Terms and Conditions of the Bonds), or (iii) the Issuer determines that it will have insufficient liquidity or cashflow to meet its payment obligations under the Bonds or the Trust Deed as they fall due (a "**Shortfall Event**"), to:

- grant the Standby Facility (as defined in the Keepwell Deed) and procure remittance of the Remittance Amount (as defined in the Keepwell Deed) as a loan to the Issuer in accordance with the Keepwell Deed;
- provide liquidity support to the Issuer in accordance with the Keepwell Deed; and
- invest in the Issuer and/or any Offshore Subsidiary(ies) (as defined in the Keepwell Deed) in accordance with the Keepwell Deed.

The above steps will be subject to the Company having obtained all relevant Regulatory Approvals (as defined in the Trust Deed) (which the Company shall use its best endeavours to obtain).

THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

Under the Deed of Equity Interest Purchase Undertaking, the Company has undertaken in respect of the Existing Bonds and will in respect of the New Bonds undertake to the Trustee that, upon the receipt of a written purchase notice (the "**Purchase Notice**") given by the Trustee in accordance with the Trust Deed following the occurrence of an Event of Default, the Company agrees, subject to obtaining all Regulatory Approvals, to purchase or procure an Onshore Subsidiary (as defined in the Deed of Equity Interest Purchase Undertaking) (the "**Purchaser**") to purchase (the "**Purchase**"):

(a) the Equity Interest held directly by the Issuer and/or any other Offshore Subsidiary (as defined in the Deed of Equity Interest Purchase Undertaking) as designated by the Company and notified in writing to the Trustee within five Business Days after the date of the Purchase Notice; and/or

(b) in the absence of such designation and notification to the Trustee within five Business Days after the date of the Purchase Notice, the Equity Interest held directly by all Offshore Subsidiaries (as defined in the Deed of Equity Interest Purchase Undertaking).

Within 20 Business Days after the date of the Purchase Notice, the Company shall determine (a) the aggregate purchase price of the Equity Interest(s) being the subject of the Purchase (the "**Purchase Price**") in accordance with any applicable PRC laws and regulations effective at the time of determination and (b) the other applicable terms relating to the Purchase *provided that* the Purchase Price shall be no less than the aggregate of the following amounts (the "**Shortfall Amount**"):

(c) the amount sufficient to enable the Issuer to discharge in full its obligations under the Bonds and the Trust Deed (as the case may be) (including without limitation the principal amount of the Bonds then outstanding as at the date of such Purchase Notice and any interest accrued but unpaid on the Bonds up to but excluding the date of such Purchase Notice), plus

(d) an amount equal to U.S.$9,587,500 being the interest payable in respect of one full interest period on the Bonds, plus

(e) all costs, fees and expenses (including without limitation, legal expenses) and other amounts payable to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for costs, fees and expenses (including without limitation, legal expenses) and other amounts which may be properly incurred in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or Deed of Equity Interest Purchase Undertaking after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

See "*Risk Factors – Risks Relating to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking - Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and certain limitations*" and "*Risk Factors – Risks Relating to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking - Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking may be subject to consent from third-party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third-party creditors*".

THE OFFERING

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

Issuer	Zhejiang Boxin (BVI) Limited 浙江柏鑫(英属维尔京)有限公司
Issuer's Legal Entity Identifier	83680049BYW40C7ZBF04.
Company	Hangzhou Shangcheng District Urban Construction Investment Group Co. Ltd. (杭州上城區城市建設投資集團有限公司).
The New Bonds	U.S.$125,000,000 5.9 per cent. bonds due 2024 (the "**New Bonds**") to be consolidated and form a single series with the U.S.$200,000,000 5.9 per cent. bonds due 2024 issued on the Original Issue Date (the "**Existing Bonds**", and together with the New Bonds, the "**Bonds**") upon issue on the New Issue Date. The New Bonds will be immediately fungible with the Existing Bonds upon issue on the New Issue Date.
Issue Price	The New Bonds will be issued at 99.478272 per cent. of their principal amount plus an amount corresponding to the accrued interest from, and including, 13 June 2023 to, but excluding, the New Issue Date.
Form, Specified Denomination and Title	The New Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds bear interest on their outstanding principal amount from and including the Original Issue Date at the rate of 5.9 per cent. per annum, payable in arrear in a fixed amount of U.S.$29.50 per Calculation Amount on 13 December 2023 and a fixed amount of U.S.$29.17 per Calculation Amount on 11 June 2024.
Original Issue Date	13 June 2023.
New Issue Date	18 July 2023
Maturity Date	11 June 2024
Use of Proceeds	The net proceeds of the New Bonds will be used for refinancing existing indebtedness, project construction and general corporate purposes of the Group. See "*Use of Proceeds*".
Status of the Bonds	The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) 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 laws and

	regulations and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.
Events of Default	Upon the occurrence of certain events as described in Condition 9 of the Terms and Conditions of the Bonds, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest.
Cross-Default	The Bonds contain a cross-default provision as further described in Condition 9(c) of the Terms and Conditions of the Bonds. See "*Terms and Conditions of the Bonds - Events of Default - Cross-Default*".
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in either case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 6 June 2023 (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 amount which would otherwise have been receivable by them had no such withholding or deduction been required. If (i) the Issuer is required to make any deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts 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 in accordance with the Terms and Conditions of the Bonds.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
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, which shall specify the date for redemption in accordance with Condition 16 of the Terms and Conditions of the Bonds (which shall be irrevocable) to the Bondholders and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 of the Terms and Conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 6 June 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, as further described in Condition 6(b) of the Terms and Conditions of the Bonds. See "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption for Taxation Reasons*".
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at 101 per cent. of their principal amount, together with any interest accrued to (but excluding) such Put Settlement Date. See "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption for Change of Control*". A "**Change of Control**" occurs when: (a) (x) the Shangcheng District Government and/or its governmental departments and agencies, (y) the Hangzhou Municipal Government, the People's Government of Zhejiang Province and/ or their governmental departments and agencies, and (z) any other Person directly or indirectly Controlled by any Person named in (x) and (y) (together, the "**Government Persons**"), together cease to hold or own 100 per cent. of the issued share capital of the Company;

	(b) the Company, directly or indirectly, ceases to hold or own 100 per cent. of the issued share capital of the Issuer; or (c) the Issuer and/or the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person or Persons, acting together, unless such Person(s) is/are Controlled by the Government Persons.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date and the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the Bonds then outstanding (as defined in the Trust Deed).
Clearing Systems	The Bonds will be initially evidenced by a Global Certificate, registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream on or about the New Issue Date. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive Certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law and Jurisdiction	English law. Exclusive jurisdiction of the Hong Kong courts.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行（亞洲）股份有限公司).
Principal Paying Agent, Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行（亞洲）股份有限公司).
Listing	The Existing Bonds are listed on the SGX-ST. Approval in-principle has been received from the SGX-ST for the listing of and quotation for the New Bonds on the Official List of the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies).
Keepwell Deed	The Issuer and the Company have, in relation to the Existing Bonds, entered into the Original Keepwell Deed with the Trustee on the Original Issue Date and will enter into the Supplemental Keepwell Deed, as further described in "*Offer Structure – The Keepwell Deed*" and "*Description of the Keepwell Deed*".
Deed of Equity Interest Purchase Undertaking	The Company has, in relation to the Existing Bonds, entered into the Original Deed of Equity Interest Purchase Undertaking with the Trustee on the Original Issue Date and will enter into the Supplemental Deed of Equity Interest Purchase Undertaking, as

	further described in "*Offer Structure – The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*".
Rating	The Existing Bonds have been assigned a rating of "BBB" by Fitch and the New Bonds are expected to be rated "BBB" by Fitch. The ratings are only correct as at the date of this Offering Circular. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. Prospective investors should evaluate each rating independently of any other rating of the Bonds or other securities of the Issuer or the Company.
Clearance and Settlement	On the New Issue Date, the New Bonds will be consolidated and form a single series with the Existing Bonds upon issue and cleared by Euroclear and Clearstream under the same codes as those for the Existing Bonds as follows: **ISIN** — **Common Code** XS2618570068 — 261857006
Selling Restrictions	The New Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following tables set forth the summary consolidated financial information of the Company as at and for the periods indicated. The audited consolidated financial information of the Company as at and for the year ended 31 December 2022 has been derived from the Company's 2022 Audited Financial Statements. The audited consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 and for the years ended 31 December 2020 and 2021 has been derived from the Company's 2021 Audited Financial Statements. The pro forma audited consolidated financial information of the Company as at and for the year ended 31 December 2020 has been derived from the Company's Pro Forma Audited Financial Statements.

The Company's Financial Statements have been audited by Peking CPA and were prepared and presented in accordance with PRC GAAP. See "Presentation of Financial Information".

In 2021, the MOF promulgated the New Financial Instrument Standards. The Company's 2021 Audited Financial Statements were prepared and presented in accordance with the New Financial Instrument Standards. As a result, the presentation of certain accounting items in the Company's consolidated financial statements as at 1 January 2021 may not be comparable to the financial figures in the financial statements of the Company for the previous periods. For details of the New Financial Instrument Standards and its impact on the Company's 2021 Audited Financial Statements, please see "Note IV.34 Changes in Significant accounting policies and estimates" of the Company's 2021 Audited Financial Statements.

PRC GAAP differs in certain material respects from IFRS. The Company has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

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

According to the Joint Circular, any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debts. The Group's Public Assets have not been excluded from the Company's Financial Statements included elsewhere in this Offering Circular. See "Risk Factors — Risks relating to the Group's Business — Any public assets of the Group should not be taken into account when the Group's business, financial condition, results of operations and prospects are assessed." for further information.

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December	As at 1 January	As at 31 December	As at 31 December
	2020[1]	2021[2]	2021[2]	2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Current assets:				
Monetary fund	2,986,972,578.93	2,986,972,578.93	2,520,876,486.69	1,397,968,789.26
Accounts receivable	4,430,485,793.43	4,430,485,793.43	3,895,899,987.44	21,177,295.60
Prepayments	2,014,459,512.54	2,014,459,512.54	2,093,582,584.46	2,714,918,381.67

	As at 31 December 2020[1]	As at 1 January 2021[2]	As at 31 December 2021[2]	As at 31 December 2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Other receivables	3,862,087,449.68	3,862,087,449.68	3,561,169,935.77	5,712,430,371.79
Inventory	36,880,095,197.32	36,880,095,197.32	40,229,980,352.87	47,945,952,865.91
Other current assets	255,483,304.81	255,308,925.89	314,268,553.80	92,000,858.97
Total current assets	50,429,583,836.71	50,429,409,457.79	52,615,777,901.03	57,884,448,563.20
Non-current assets:				
Long-term receivables	—	—	—	—
Long-term equity investments	132,603,537.04	132,603,537.04	71,378,551.34	61,108,851.90
Investments in other equity instruments	—	27,825,000.00	27,825,000.00	6,365,000.00
Available-for-sale financial assets	1,407,466,851.37	—	—	—
Other non-current financial assets	—	1,357,670,643.88	704,276,837.68	745,926,857.22
Investment properties	290,536,868.47	290,536,868.47	372,355,849.21	362,762,184.79
Fixed assets	6,949,496,322.83	6,949,496,322.83	7,911,153,499.70	10,642,913,916.90
Construction in progress	9,016,776,697.63	9,016,776,697.63	9,666,117,135.32	3,343,758,117.39
Right-of-use assets	—	1,564,635.45	995,677.10	42,056,993.45
Intangible assets	771,835,245.55	771,835,245.55	1,150,707,609.17	748,256,780.78
Goodwill	—	—	64,482,554.60	64,482,554.60
Long-term amortized expenses	1,207,769.78	1,207,769.78	2,243,050.66	927,735.69
Deferred income tax assets	22,573,011.04	22,573,011.04	447,516.99	6,352,486.75
Other non-current assets	609,500,000.00	609,500,000.00	29,500,000.00	812,880,291.00
Total non-current assets	19,201,996,303.71	19,181,589,731.67	20,001,483,281.77	16,837,791,770.47
Total assets[3]	**69,631,580,140.42**	**69,610,999,189.46**	**72,617,261,182.80**	**74,722,240,333.67**
Current liabilities:				
Short-term borrowings	200,000,000.00	200,000,000.00	100,101,388.89	715,591,780.82
Notes payable	—	—	—	30,000,000.00
Accounts payable	472,191,031.93	472,191,031.93	285,575,442.46	286,308,387.33
Receipts in advance	689,063,744.26	6,686,111.63	11,183,695.41	3,624,564.21
Contractual liabilities	—	31,868,110.41	34,287,638.27	764,867,420.37
Employee compensation payable	13,793,381.96	13,793,381.96	9,503,031.78	427,411.32
Taxes payable	14,529,483.19	14,529,483.19	183,671,133.95	169,194,473.63
Other payables	3,886,792,084.11	4,465,335,558.28	5,337,241,535.74	6,745,514,735.96
Non-current liabilities due within one year	1,386,130,000.00	1,456,559,163.94	1,521,284,580.11	4,415,351,780.82
Other current liabilities	—	2,053,515.22	325,852,271.82	841,092,985.05
Total current liabilities	6,662,499,725.45	6,663,016,356.56	7,808,700,718.43	13,971,973,539.51
Non-current liabilities:				
Long-term borrowings	20,840,771,105.59	20,840,771,105.59	19,592,517,763.14	15,330,755,339.30
Bonds payable	3,608,319,918.03	3,608,319,918.03	6,528,375,932.36	5,292,870,153.23
Lease liabilities	—	873,625.42	302,766.29	35,530,908.27
Long-term payables	3,134,205,168.37	3,134,205,168.37	2,289,612,841.43	1,776,570,919.52
Deferred revenue	—	—	—	—
Deferred income tax liabilities	—	—	100,307,048.96	97,391,120.84
Other non-current liabilities	600,000,000.00	600,000,000	107,504,583.33	—
Total non-current liabilities	28,183,296,191.99	28,184,169,817.41	28,618,620,935.51	22,533,118,441.16
Total liabilities	**34,845,795,917.44**	**34,847,186,173.97**	**36,427,321,653.94**	**36,505,091,980.67**
Shareholders' equity:				
Paid-in capital	—	—	6,800,000,000.00	6,800,000,000.00
Capital reserves	23,831,770,579.99	23,831,770,579.99	17,484,675,994.88	17,967,632,761.49
Other comprehensive income	99,234,435.42	99,234,435.42	153,641,037.20	(138,092,128.23)

	As at 31 December	As at 1 January	As at 31 December	As at 31 December
	2020[(1)]	2021[(2)]	2021[(2)]	2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Undistributed earnings	10,844,849,923.54	10,822,878,716.05	11,743,348,817.61	13,563,330,816.02
Total equity attributable to the shareholders of parent company	34,775,854,938.95	34,753,883,731.46	36,181,665,849.69	38,192,871,449.28
Minority interests	9,929,284.03	9,929,284.03	8,273,679.17	24,276,903.72
Total shareholders' equity	**34,785,784,222.98**	**34,763,813,015.49**	**36,189,939,528.86**	**38,217,148,353.00**
Total liabilities and shareholders' equity	**69,631,580,140.42**	**69,610,999,189.46**	**72,617,261,182.80**	**74,722,240,333.67**

Notes:

(1) The summary consolidated pro forma financial information of the Company as at and for the years ended 31 December 2020 is derived from the Company's Pro Forma Audited Financial Statements.

(2) The summary consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 and for the years ended 31 December 2020 and 2021 is derived from the Company's 2021 Audited Financial Statements.

(3) As at 31 December 2020, 2021 and 2022, the Group's total Public Assets amounted to approximately RMB9.1 billion, RMB9.5 billion and RMB9.4 billion, representing approximately 13.13 per cent., 13.07 per cent. and 12.61 per cent. of the Group's total assets, respectively.

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 December			
	2020[(1)]	2020[(2)]	2021[(2)]	2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Total revenue	**3,511,210,011.35**	**3,511,210,011.35**	**2,668,187,257.49**	**5,250,702,211.79**
Inc.: Operating revenue	3,511,210,011.35	3,511,210,011.35	2,668,187,257.49	5,250,702,211.79
Total cost	**2,713,127,402.07**	**2,713,127,402.07**	**1,655,999,577.89**	**3,108,549,641.02**
Inc.: Operating costs	2,355,361,736.75	2,355,361,736.75	1,307,189,388.96	2,654,884,417.57
Taxes and surcharges	4,775,972.76	4,775,972.76	24,821,090.34	21,331,660.31
Selling expenses	3,887,134.14	3,887,134.14	8,199,483.40	5,368,154.29
General and administrative expenses	258,743,064.16	258,743,064.16	244,760,275.43	331,042,788.93
Financial expenses	90,359,494.26	90,359,494.26	71,029,339.76	95,922,619.92
Inc.: Interest expenses	84,512,711.04	84,512,711.04	98,156,314.80	203,812,994.79
Interest income	31,315,740.68	31,315,740.68	37,417,694.38	66,552,350.00
Add: Other income	826,490.27	826,490.27	1,637,908.94	6,375,383.53
Investment income (Loss is presented with "-")	25,760,183.98	25,760,183.98	36,877,297.27	44,843,345.65
Inc.: Share of profits or loss of associates and joint ventures	—	(570,176.52)	(5,204,985.70)	(1,462,664.44)
Credit impairment losses	—	—	(1,855,140.86)	(14,866,164.28)
Assets impairment loss (Loss is listed with "-")	1,023,449.41	1,023,449.41	—	(1,000,000.00)
Income from disposal of assets (Loss is listed with "-")	12,800.00	12,800.00	—	—
Operating profit (Loss is indicated by "-")	**825,705,532.94**	**825,705,532.94**	**1,048,847,744.95**	**2,177,505,135.67**
Add: Non-operating income	2,150,574.35	2,150,574.35	354,684.40	5,077.17
Minus: Non-operating expenses	1,418,806.92	1,418,806.92	2,050,057.00	4,247,751.61
Total profit (Loss is indicated by "-")	**826,437,300.37**	**826,437,300.37**	**1,047,152,372.35**	**2,173,262,461.23**
Minus: Income tax expense	3,419,698.83	3,419,698.83	128,337,875.65	78,636,207.80
Net profit (Loss is indicated by "-")	**823,017,601.54**	**823,017,601.54**	**918,814,496.70**	**2,094,626,253.43**
Other comprehensive income, net of tax	**112,834,169.68**	**112,834,169.68**	**54,406,601.78**	**(291,733,165.43)**
Total comprehensive income	**935,851,771.22**	**935,851,771.22**	**973,221,098.48**	**1,802,893,088.00**
Total comprehensive income attributable to owners of the parent	935,921,982.08	935,921,982.08	974,876,703.34	1,804,389,863.45

	Year ended 31 December			
	2020[(1)]	2020[(2)]	2021[(2)]	2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Total comprehensive income attributable to non-controlling interests	(70,210.86)	(70,210.86)	(1,655,604.86)	(1,496,775.45)

Notes:

(1) The summary consolidated pro forma financial information of the Company as at and for the year ended 31 December 2020 is derived from the Company's Pro Forma Audited Financial Statements.

(2) The summary consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 for the years ended 31 December 2020 and 2021 is derived from the Company's 2021 Audited Financial Statements.

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December			
	2020[(1)]	2020[(2)]	2021[(2)]	2022
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*
	(audited) *(pro forma)*	*(audited)*	*(audited)*	*(audited)*
Net amount of cash flow generated from operating activities	802,199,817.14	802,199,817.15	3,052,482,297.76	5,727,962,294.15
Net amount of cash flow generated from investing activities .	(2,318,086,254.28)	(2,318,086,254.28)	(3,305,169,433.86)	(2,861,288,021.36)
Net amount of cash flow generated from financing activities	548,048,637.11	548,048,637.11	(186,366,841.82)	(4,055,576,393.18)
Effect of exchange rate changes on cash and cash equivalents...	(35,999,285.83)	(35,999,285.84)	(38,712,114.32)	74,869,422.96
Net increase in cash and cash equivalents.........................	**(1,003,837,085.86)**	**(1,003,837,085.86)**	**(477,766,092.24)**	**(1,114,032,697.43)**
Add: Cash and cash equivalents at the beginning of the period	3,990,809,664.79	3,990,809,664.79	2,986,972,578.93	2,509,206,486.69
Cash and cash equivalents at the end of the period..........	**2,986,972,578.93**	**2,986,972,578.93**	**2,509,206,486.69**	**1,395,173,789.26**

Notes:

(1) The summary consolidated pro forma financial information of the Company as at and for the year ended 31 December 2020 is derived from the Company's Pro Forma Audited Financial Statements.

(2) The summary consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 and for the years ended 31 December 2020 and 2021 is derived from the Company's 2021 Audited Financial Statements.

OTHER FINANCIAL DATA

The following table sets forth certain other financial data of the Group for the periods indicated.

	Year ended 31 December			
	2020[(1)]	2020[(2)]	2021[(2)]	2022
EBITDA[(3)] (RMB million)	1,112.33	1,112.33	1,326.99	2,652.31

Notes:

(1) The summary consolidated pro forma financial information of the Company as at and for the years ended 31 December 2020 is derived from the Company's Pro Forma Audited Financial Statements.

(2) The summary consolidated financial information of the Company as at 1 January 2021 and 31 December 2021 and for the years ended 31 December 2020 and 2021 is derived from the Company's 2021 Audited Financial Statements.

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

RISK FACTORS

Prior to making any investment decision, prospective investors should carefully consider all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. The Group believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Additional risks and uncertainties not presently known to the Issuer and the Company or which the Issuer and the Company currently deems immaterial may also have an adverse effect on an investment in the Bonds.

Each of the Issuer and the Company believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer and/or the Company 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 and/or the Company 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, the Company and any member of the Group are not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

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

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Hangzhou City, in particular the Shangcheng District, Zhejiang Province and the PRC and policies of relevant local governments.

The Group's business operations and assets are highly concentrated in the Shangcheng District. The Group mainly focuses on (i) primary land development and consolidation, (ii) urban infrastructure construction and operation and (iii) resettlement housing construction and sale within the Shangcheng District. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development of Hangzhou City, in particular the Shangcheng District, Zhejiang Province and the PRC. The relevant local policies regarding city construction and urban development, particularly those concerning the development of the Shangcheng District, which have given rise to unique business opportunities for the Group, also have a major impact on the Group's business and growth prospects.

While the economy of the PRC experienced rapid growth in the past 40 years, the slowdown in the growth of the PRC's GDP in recent years has raised 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 PRC's GDP growth rate in 2020 was 2.2 per cent., which was primarily due to the outbreak of Coronavirus Disease 2019 ("**COVID-19**"). The PRC's GDP growth rate was 8.4 per cent. in 2021, representing a stable recovery at constant prices. Despite the stable recovery in 2021, the National Statistics Bureau has warned of the triple pressure of demand contraction, supply shocks and weakening expectations, which may affect the PRC economy negatively. In 2022, the PRC recorded a GDP growth rate of 3.0 per cent. The national economic condition of the PRC has a material effect on regional economic performance in the PRC. According to the Zhejiang Statistical Bureau, Zhejiang Province recorded a GDP growth rate of 3.6 per cent., 8.7 per cent and 3.1 per cent. in 2020, 2021 and

2022, respectively, which were higher than the same rate of the PRC in the corresponding year. Hangzhou City has also experienced economic growth in recent years. According to the Statistics Bureau of Hangzhou, Hangzhou City recorded a GDP growth rate of 3.9 per cent., 8.5 per cent. and 1.5 per cent. in 2020, 2021 and 2022, respectively.

Although the PRC government has recently taken several measures with the intention of increasing investor confidence in the PRC economy, there can be no assurance that such measures will be effective. There can be no assurance that the PRC government will continue to implement reforms in the economic development fields to promote the growth of the economy of the PRC, or the reforms that have been implemented by the PRC government to promote the growth of the economy of the PRC will succeed in the end. The Group's business, financial conditions and results of operations could be adversely affected by the PRC government's inability to effect timely economic reforms.

Any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, decrease the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, any of which may result in a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, the Group's business is heavily dependent on the PRC government's policies relating to Zhejiang Province and Hangzhou City, in particular the Shangcheng District.

In addition, the COVID-19 pandemic may have a negative economic impact and increase volatility in the PRC. See "*— Risks relating to the Group's Business — The Group's business may be affected by natural disasters, epidemics, pandemics and other acts of God.*" for more details.

The future prospects of the economy of the PRC, Zhejiang Province and Hangzhou City, in particular the Shangcheng District depend on many different factors, most of which are beyond the Group's control. It is uncertain how the economic condition and future development in Zhejiang Province and Hangzhou City, in particular the Shangcheng District, will be affected by the slowdown in the growth of the economy of the PRC. There is no assurance that the economy of Zhejiang Province or Hangzhou City, in particular the Shangcheng District, will continue to grow at the pace that it has achieved in the past, or at all. Continued slowdown in the economic growth in Zhejiang Province or Hangzhou City, in particular the Shangcheng District, may affect the fiscal income and financial condition of the PRC government as well as their future plans and budgets for the Group's business in, among others, primary land development and consolidation, urban infrastructure construction and operation and resettlement housing construction and sale. This may in turn decrease the demand for the Group's business and adversely affect its business, financial condition, results of operations and prospects.

As a state-owned enterprise, the PRC government could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits.

The Group is indirectly wholly-owned by the Shangcheng District Finance Bureau and is required to directly report any major matters to the Shangcheng District Finance Bureau and/or the Shangcheng District Government. The Group's Chairman, Secretary of the Party Committee and General Manager are also nominated by the Shangcheng District Finance Bureau and the Shangcheng District Organisation Department and approved by the Shangcheng District Government. Furthermore, pursuant to the Administrative Measures for the Unified Appointment of Financial Leaders of District-level State-owned Enterprises (《區屬國有企業財務負責人統一委派管理辦法》), the Shangcheng District Finance Bureau has the power to appoint the financial manager of the Shangcheng District state-owned enterprises, further strengthening the government's management, control and supervision over the Group's funding, capital, operational and risk management matters. Because of the involvement of the Shangcheng District Finance Bureau in the affairs of the Group, there can be no assurance that the Shangcheng District Finance Bureau will not influence the businesses and operations of the Group in ways which may have a material adverse effect on the Group's business, financial position, results of operations, financial performance and prospects. For example, in February 2022, the Group ceased to operate its security service business when the Group's entire equity interests in Hangzhou Jianggan Security Service Co., Ltd. (杭州市江幹保安服務有限公司) ("**Jianggan Security Service**") was transferred to Shangcheng District State-owned Investment Holding Group Co., Ltd. (上城區國有投資控股集團有限公司) at nil consideration pursuant to the directions of the Shangcheng District Government to optimise and reform state-owned enterprises in the Shangcheng District (the "**Jianggan Security Service Transfer**").

In addition, since the Group is indirectly wholly-owned by the Shangcheng District Finance Bureau, the PRC government may also exert significant influence on the Group's major business decisions and strategies, including the scope of its operations, investment decisions and dividend policy. There is no assurance that the Shangcheng District Finance Bureau and the PRC government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, the Shangcheng District Finance Bureau may influence the Group's business and strategy in a manner beneficial to the Shangcheng District as a whole but which may not necessarily be in the Group's best interests. The PRC government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth. Any such change may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

According to the Joint Circular, any Public Assets cannot be counted towards the Group's assets for the purposes of issuing medium and long-term foreign debts.

As at 31 December 2020, 2021 and 2022, the Group's total Public Assets amounted to approximately RMB9.1 billion, RMB9.5 billion and RMB9.4 billion, representing approximately 13.13 per cent., 13.07 per cent. and 12.61 per cent. of the Group's total assets, respectively. The Group's Public Assets have not been excluded from the Company's Financial Statements included elsewhere in this Offering Circular. Potential investors should not take into account such assets when assessing the Group's business, financial condition, results of operations and prospects, and such assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds.

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

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

The Group has received financial support from various governmental bodies in the form of government subsidies, capital injection, asset transfers and government loans to fund its operations. For the years ended 31 December 2020, 2021 and 2022, the Group received government subsidies of RMB3.0 million, RMB0.5 million and RMB6.4 million, respectively, covering employment subsidies, epidemic requisition and reconstruction subsidies, social security refund and various rewards. The Group also receives other financial and resources support from the Shangcheng District Finance Bureau, the Shangcheng District Government and their respective departments as further discussed in "*Description of the Group — Competitive Strengths — Strong historical support from government with respect to policies, resources and finances*". The government's provision of subsidies and grants depends on the future fiscal revenue and fiscal policies of the local and central

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

All of the Group's businesses are based in a single geographic location.

All of the Group's businesses are located in Hangzhou City, primarily within the Shangcheng District. Any material region-wide adverse events may negatively impact the demand for its businesses within the Shangcheng District, which would in turn affect revenue and profitability. Such adverse events include, among others, changes in economic conditions and the regulatory environment, changes in the government's development plans and policies in Hangzhou City, in particular the Shangcheng District, slowdown in the sectors in which the Group operates, decrease in investor confidence within the region, significant natural disasters and outbreak of communicable diseases. Due to the limited geographic coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these adverse events, which may materially and adversely affect the Group's business, financial condition and results of operations.

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

Recent global market and economic conditions have been unprecedented and challenging, with tight credit conditions, recession or stagnation in most major economies. Continued concerns about the systemic impact of potential long-term and widespread recession, energy costs, rising oil prices, inflation, geopolitical issues, the cost of credit, the global housing and mortgage markets, interest rate hikes, increasing defaults in the real estate market, fluctuations in exchange rates, and the withdrawal of the United Kingdom from the European Union have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world.

The outlook for the world economy and financial markets in 2023 remains uncertain. Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and the European countries. Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis in the United States, Europe, Japan, the PRC, Hong Kong and other jurisdictions in recent years have had a corresponding effect on Asian financial markets and may continue to do so in the future. These include the European sovereign debt crisis and the withdrawal of the United Kingdom from the European Union ("**Brexit**") effective on 31 January 2020, with the EU-UK Trade and Cooperation Agreement being agreed on 24 December 2020. In addition, during 2018 and 2019, the U.S. government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on U.S. imports. Whilst the U.S. government and the PRC government subsequently entered into a "phase one" trade agreement in early 2020, the effect of previously imposed tariffs on the economy of the PRC and the U.S. may result in long-term structural shifts to the economies of both countries.

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions which the Group's businesses are subject to. Governments of many countries (including the PRC) had declared a state of emergency, closed their borders to international travellers and issued stay-at-home orders with a view to containing the pandemic. Despite the easing of travel restrictions and containment measures related to COVID-19 globally, including in the PRC since December 2022, there are uncertainties as to how COVID-19 and related policies will evolve and there can be no assurance that COVID-19 would not have a material adverse effect on the Group's business. See "*— Risks relating to the Group's Business — The Group's business may be affected by natural disasters, epidemics, pandemics and other acts of God.*" For further details.

Since February 2022, the military conflict between Russia and Ukraine has resulted in escalated regional instability and amplified the existing geopolitical tension among Russia and other countries in the region and in the west. In addition, the escalating conflict between Russia and Ukraine could lead to global instability, as well as adversely affect commodity and other financial markets or economic conditions. Therefore, significant uncertainty remains for the overall prospects for the global and the PRC economy this year and beyond.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue to adversely affect the PRC market and consumption capacity in this market, which may lead to a decline in the general demand for the Group's products and erosion of their sale prices. In addition, any further tightening of liquidity in the global financial markets and in the PRC may negatively affect the Group's liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, the Group's business, financial condition and results of operations may be adversely affected.

The Group's business may be affected by natural disasters, epidemics, pandemics and other acts of God.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics, pandemics and other acts of God which are beyond the Group's control may adversely affect the business and economic environment, infrastructure and livelihood of the people in the PRC, and in turn the business operations of the Group. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire and drought. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013, and resulted in significant loss of lives and destruction of assets in the region. In addition, occurrences of epidemics or pandemics, such as Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A or H1N1), H7N9, Zika Virus Disease or COVID-19, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC.

In particular, the outbreak of COVID-19 since December 2019 in the PRC and globally has resulted in various degrees of disruptions to business activities. To deal with the COVID-19 outbreak, the PRC government had imposed measures including varied degrees of lockdown and travel restrictions across the PRC, adjustment of workday and business hour arrangements and quarantine arrangements for affected individuals. Such measures may lead to lower levels of consumption and business activities in China and may also adversely affected the Group's overall business operations and its future business expansion. In addition, the supply of the Group's raw materials may also be adversely affected. As a result, the completion of the Group's projects may be delayed and sales might be lower than expected, which may in turn result in a substantial increase in development costs, late delivery of properties and/or otherwise adversely affect profitability and cash flows of the Group.

Besides the above-mentioned, the COVID-19 outbreak has had an adverse effect on the economy. The PRC's real GDP shrank for the first time since 1992 by 6.8 per cent. in the first quarter of 2020, before returning to an increase of 2.3 per cent. in 2020. More recently, with improvement in the COVID-19 situation in the PRC where the Group operates, the PRC's GDP growth rate for 2021 reached 8.4 per cent., and the PRC's GDP continued to increase at the rate of 3.0 per cent. in 2022, according to the National Statistics Bureau of the PRC. Since December 2022, there has also been easing of travel restrictions and other containment measures related to COVID-19 in the PRC. However, there are uncertainties as to how COVID-19 and related policies will evolve. As the Group's total operating revenue is currently entirely derived from its operations in the PRC, an economic downturn of the PRC resulting from the COVID-19 outbreak may adversely affect economic development, which may in turn have a negative impact on the Group's business, financial conditions and results of operations.

See "*— Risks relating to the Group's Business — The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Hangzhou City, in particular the Shangcheng District, Zhejiang Province and the PRC and policies of relevant local governments.*" for more details.

An outbreak of any other epidemics in the PRC, such as H5N1 or the H7N9 avian flu, especially in the cities where the Group has operations, may delay completion of the Group's projects in operation and under construction as scheduled, causing a substantial increase in development costs which may result in a material impact on the Group's businesses, and in turn may adversely affect its financial conditions, business, prospects and results of operations. The spread of any severe communicable disease in the PRC may also affect the operations of the customers and suppliers of the Group, which could in turn materially and adversely affect the business, results of operations, financial condition and prospects of the Group.

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

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations primarily include the Notice of the State Council on Strengthening the Administration of Local Government Financing Vehicles (Guo Fa [2010] No. 19) (國務院關於加強地方政府融資平台公司管理有關問題的通知（國發[2010]19 號）) ("**Circular 19**") in June 2010, the Notice of the NDRC on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (Fa Gai Ban Cai Jin [2010] No. 2881) (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知（發改辦財金[2010]2881 號）) released by the NDRC issued in November 2010 ("**Circular 2881**"), the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (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**") issued by the State Council in September 2014, the Circular on Further Regulating the Debt Financing Behaviours of Local Government (CaiYu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知（財預[2017]50 號）) ("**Circular 50**") jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (reorganised into the NFRA on 18 May 2023) and the China Securities Regulatory Commission in April 2017, the Circular of the Ministry of Finance on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (財政部關於堅決制止地方以政府購買服務名義違法違規融資的通知（財預[2017]87 號）) ("**Circular 87**") issued by the MOF in May 2017, the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知（財金[2018]23 號）) ("**Circular 23**") issued by the MOF in March 2018, the Joint Circular, the Guiding Opinions on Strengthening the Asset and Liability Constraints of State-owned Enterprises (中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council in September 2018 (the "**Joint Opinion**") and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No.666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知（發改辦外資[2019]666 號）) issued by the General Office of the NDRC in June 2019 ("**Circular 666**") (Circular 43, Circular 50, Circular 87, Circular 23, the Joint Circular, the Joint Opinion and Circular 666, together, the "**Debt Control Circulars**").

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

On 6 July 2019, the General Office of the NDRC issued Circular 666, which aims to strengthen the management of local government debt and prevent the risks of medium and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions to repay medium and long-term foreign debts due within one year. For more details on the Debt Control Circulars, see "*PRC Regulations*".

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Shangcheng District Finance Bureau, the Hangzhou Municipal Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer, and the obligations of the Issuer under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person, and the Company's obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking shall solely be fulfilled by the Company in accordance with and subject to the terms thereof. The liabilities of the Shangcheng District Finance Bureau are limited to its equity contribution in the Company held through its wholly-owned subsidiary, Shangcheng SOCO.

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

Failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Group's business and growth prospects.

The Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2020, 2021 and 2022, the Group made capital expenditures of approximately RMB3.1 billion, RMB4.3 billion and RMB2.5 billion, respectively. The Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans, government capital contributions and subsidies and other borrowings and equity contributions from its shareholder.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, changes in general market conditions, the regulatory environment, governmental policies and the competition in certain sectors in which the Group operates. Any materially adverse changes in these factors may cause the Group to experience a capital shortfall. There is no assurance that the Group's operations are or will be able to generate sufficient cash to satisfy its cash need at all times, if at all.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2022, the Group had total credit facilities of approximately RMB46.6 billion, among which, approximately RMB28.0 billion had not been utilised.

The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, primarily 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 the success of its 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 rest of the PRC generally.

There is no assurance that additional financing, either on a short-term or 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, which may restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services the Group provides, thereby adversely affecting the Group's business, financial condition, results of operations and prospects.

The Company has a limited operating history upon which investors can evaluate its performance, and accordingly, the Company's prospects must be considered in light of the risks that any new company encounters.

The Company was incorporated under the laws of the People's Republic of China on 29 October 2021. Accordingly, the Company has no significant history upon which an evaluation of its prospects and future performance can be made apart from an evaluation of its key subsidiaries before its incorporation. The Company's proposed operations are subject to all of the business risks associated with a new enterprise. The likelihood of the Company's creation of a viable business must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the integration of the various enterprises that were previously in operation and which have become the Company's key subsidiaries. Investors should consider the Company's business, operations and prospects in light of the risks, expenses and challenges faced as an early-stage company.

The Group may not successfully manage its growth.

As the Group continues to grow, the Group will need to improve its managerial, technical and operational knowledge and allocation of resources. The Group will also need to implement an effective information management system and strengthen management control across its businesses. In order to fund the Group's ongoing operations and future growth, the Group will need to have sufficient internal sources of liquidity or access to external financing. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. The Group may develop or invest in new businesses ancillary to or related to the Group's existing businesses and such diversification may place significant demands on the Group's management and resources as the Group may not have the experience or expertise necessary for the successful development of such new businesses.

The Group may undertake potential acquisitions or enter into new strategic alliances, cooperation agreements, memorandum of understanding and partnerships with domestic companies as part of its future business expansion plans, if suitable opportunities in the market arise. However, the Group may not successfully identify new acquisition opportunities or other opportunities on favourable or acceptable terms to the Group. The Group may not be able to successfully integrate the acquired business into the Group or deal with difficulties such as loss of middle management and ground staff and failure to detect and rectify business, operational or financial issues of the acquired business, and to derive any synergies from such acquisitions, leading to increases in costs, time and resources. There can be no assurance that the Group will be able to manage its growth successfully or that its expansion plans will not adversely affect the Group's existing operations and thereby have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As a state-owned enterprise indirectly wholly-owned by the Shangcheng District Finance Bureau mainly undertaking the development of Shangcheng District with a focus on (i) primary land development and consolidation, (ii) urban infrastructure construction and operation and (iii) resettlement housing construction and sale businesses, the Group collaborates with various governmental authorities and their controlled entities in Shangcheng District. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent with the Group's; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) encounter financial difficulties; or (v) have disputes with the Group as to contractual terms or other matters. Those governmental authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Shangcheng District for a number of reasons, such as government budgeting.

Urban infrastructure construction and operation is one of the Group's core businesses. The Hangzhou Wangjiang District Reconstruction and Construction Command Office (杭州市望江地區改造建設指揮部) ("**Wangjiang Command Office**"), which is administered by the Shangcheng District Government, is responsible for raising funds for the urban infrastructure construction projects. Such projects are capital intensive and involve many risks arising from budget overruns. The Shangcheng District Government's ability to meet its payment obligations for such projects largely depends on its fiscal revenue, policies and regulations promulgated by higher level governments or authorities as well as many other factors which are generally beyond the Group's control.

Failure by the Shangcheng District Government to fulfil its obligations under these projects or any adverse change to the policies or business plans may require the Group to adjust its development plans which could adversely affect its operating results. There is no assurance that the Group will be able to successfully resolve any material disagreement with the Shangcheng District Government or any of its controlled entities in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than those with private sector counterparties, and payments from public bodies with which the Group has such disputes may be delayed as a result. Any of these eventualities may materially and adversely affect the business relationships between the Group and the Shangcheng District Government and other governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group relies on borrowings to satisfy a portion of its capital requirements. As at 31 December 2022, the Group's total liabilities was approximately RMB36.5 billion. Furthermore, as at 31 December 2022, the total amount of the Group's outstanding guarantees for third parties was approximately RMB6,715 million, representing 9.0 per cent. of the Group's total assets. If any of the companies benefiting from guarantees provided by the Group defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the relevant 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 businesses in a number of ways, primarily including:

- requiring the Group to dedicate part of its operating cash flow to service its indebtedness before it receives government funding;
- increasing the Group's finance costs, thus affecting the overall profit of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

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

For example, under certain financing agreements (the "**Relevant Financing Agreements**") entered into between Wanghaichao Construction and Shangcheng Comprehensive Development with certain of their relevant lenders (the "**Relevant Lenders**") prior to the establishment of the Company, Wanghaichao Construction and Shangcheng Comprehensive Development were prohibited from changing their respective shareholding structure without receiving the prior consent of, or giving notice to, the Relevant Lenders or otherwise would lead to a default under the terms of such agreements. Following the establishment of the Company by Shangcheng SOCO, 100 per cent. of the equity interest in each of Wanghaichao Construction and Shangcheng Comprehensive Development was transferred to the Company at nil consideration. See "*Description of the Group — Establishment of the Company*" for further information. Following the change in their shareholding structure, although Wanghaichao Construction and Shangcheng Comprehensive Development did not expressly obtain prior consent from, or give notice to, the Relevant Lenders in accordance with the Relevant Financing Agreements, as advised by its PRC counsel, the Company confirms that there was no default by Wanghaichao Construction or Shangcheng Comprehensive Development under the Relevant Financing Agreements considering (i) the ultimate shareholder of Wanghaichao Construction and Shangcheng Comprehensive Development is still the Shangcheng District Finance Bureau and (ii) by continuing to perform their obligations under the Relevant Financing Agreements, the Relevant Lenders have waived the requirement for Wanghaichao Construction and Shangcheng Comprehensive Development to receive the prior consent of, or give notice to, the Relevant Lenders. Nevertheless, there can be no guarantee that the Company or any of its relevant subsidiaries will comply with the restrictions (including restrictions on future investments) and covenants in its other current or future debt obligations and other agreements, in which case a default under the terms of such agreements may occur.

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

The Group's borrowings may be secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Group is unable to service and repay its debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition.

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

The Group has substantial outstanding indebtedness. Some of the Group's indebtedness bear interest that accrues at rates linked to the benchmark lending rates published by the PBOC. A material fluctuation in the benchmark lending rates may have a material impact on the Group's interest expenses and payables under its bank loans which, in turn, negatively affect its financing costs and results of operations. The PBOC may, from time to time, adjust interest rates as implementation of its economic and monetary policies. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

The net cash flows from operating activities and investment activities of the Group are subject to fluctuation and may adversely affect the Group's financial condition.

For the years ended 31 December 2020, 2021 and 2022, the Group's net cash flow from operating activities amounted to RMB802.2 million, RMB3,052.5 million and RMB5,728.0 million, respectively. For the years ended 31 December 2020, 2021 and 2022, the Group's net cash outflow from investment activities amounted to RMB2,318.1 million, RMB3,305.2 million and RMB2,861.3 million, respectively. The Group may experience the pressure on its investment cash flow to continue due to its business development costs and its strategic investments in large scale projects. If the Group continues to experience imbalance in cash inflow and outflow, the Group's financial stability may be undermined, which may adversely affect the Group's financial position and results and results of operations.

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

The Group's businesses require a large amount of working capital prior to the completion of the relevant project. As at 31 December 2020, 2021 and 2022, the Group's inventories amounted to RMB36.9 billion, RMB40.2 billion and RMB47.9 billion, respectively, representing approximately 53.0 per cent., 55.4 per cent. and 64.2 per cent. of the Group's total assets, respectively. The Group's inventories mainly comprise primary land development and consolidation costs, urban infrastructure construction costs, resettlement housing costs, development costs, development products and goods in stock. As the PRC government may issue more stringent policies with respect to the development of real estate and marketability of land, the value of inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

As at 31 December 2020, 2021 and 2022, the Group's accounts receivable were RMB4,430.5 million, RMB3,895.9 million and RMB21.2 million, respectively, and its other receivables for the same periods were RMB3,862.1 million, RMB3,561.2 million and RMB5,712.4 million, respectively. The decrease in the Group's accounts receivable in 2022 was largely because of the payment of land transfer funds to the Group during the year, and the increase in the Group's other receivables in 2022 was primarily due to the increase in account current with the Wangjiang Command Office. The Group's primary land development and consolidation, resettlement housing construction and urban infrastructure construction projects typically take a long time to complete and there are inherent risks associated with the ability of the relevant governmental entities to make timely payments which may impair the Group's accounts receivable. The Group typically incurs material, equipment and labour costs associated with a project on an ongoing basis at the beginning of a project or before achieving its relevant project milestones. There can be no assurance that the Group's customers will make payment in full in a timely manner, or at all. Delays or failures in receiving payments for projects which the Group has already incurred significant costs and expenditures can materially and adversely affect the Group's liquidity and restrict the Group's activities.

The Group is highly dependent on its primary land development and consolidation business and may not be able to maintain sustainable growth.

The Group is highly dependent on its primary land development and consolidation business. For the years ended 31 December 2020, 2021 and 2022, operating revenue generated from the Group's primary land development and consolidation business was RMB3,255.8 million, RMB1,330.2 million and RMB3,932.1 million, respectively, representing approximately 92.7 per cent., 49.9 per cent. and 74.9 per cent. of the Group's operating revenue for the same periods, respectively. Primary land development and consolidation work in Shangcheng District is the primary source of operating revenue for the Group. The Group generates revenue from the land it develops and delivers to Hangzhou Land Reserve Centre (杭州市土地儲備中心) where such land is further auctioned and transferred to the land transferee. For additional details on the business model of the Group's primary land development and consolidation business, see "*Description of the Group — Description of the Group's Business — Primary Land Development and Consolidation*". To maintain the growth of the Group's business, the Group needs sufficient land for development, auction and transfer. During the Thirteenth Five-Year Plan period (2016–2020), the Group completed 33 land development projects, with a total area of transferred land of 1,761 Mu and an aggregate transfer price of approximately RMB63.4 billion. In 2021 and 2022, the Group has further completed seven land development projects, with a total area of transferred land of 284.45 Mu and an aggregate transfer price of approximately RMB12.6 billion. Although the Group believes that it has a land reserve sufficient for future development, both in the short and long term, there is no assurance that the Group will continue to have land for development in the future. The Group may experience a significant decrease in its primary land development and consolidation business if all the remaining developed land is transferred and no new land is available for development, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

Delays or defaults in payments to the Group may affect its working capital and cash flow.

Some of the Group's urban infrastructure construction projects are conducted under a business model where the Group undertakes project construction and the local government is responsible for the payment of the relevant costs and expenses. For such projects, the Group usually agrees with the Wangjiang Command Office that such payments are to be made throughout the year. However, the Group incurs costs such as material, equipment and labour costs at the beginning of the project on an on-going basis, and thus bears the risk of pre-paying costs and expenditures for each project. Therefore, any delay or default in the payments to the Group may increase the pressure on the Group's cash flow which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. As at the date of this Offering Circular, the Group has not experienced any significant delay in payments by the relevant parties in accordance with the agreed payment timetables. However, there is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

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

Certain business activities of the Group, such as (i) primary land development and consolidation, (ii) urban infrastructure construction and operation and (iii) resettlement housing construction and sale, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. For example, the Group needs to obtain a construction land planning permit (建設用地規劃許可證), a land use rights certificate (土地使用權證), a construction project planning permit (建設工程規劃許可證) and a construction permit (建築工程施工許可證) before the Group commences construction of the relevant project. It takes time to obtain all of these approvals and certificates.

Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations, and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties. Currently, the Group is in the process of obtaining the relevant approvals, licences or permits of certain major construction projects. Governmental authorities may also adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its business and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

The PRC government may adopt measures aimed at slowing down growth in the real estate sector, which in turn may affect the primary land development and consolidation industry.

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 General Office of the State Council on Issues Relating to Further Improving the 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》國辦發[2011]1 號) dated 26 January 2011 and the Notice of the General Office of the State Council on Further Improving the Regulation and Control 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》國辦發[2013]17 號) dated 26 February 2013, the government will firmly restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. 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 have an adverse impact on the demand for land developed by the Group.

In late August 2020, the Ministry of Housing and Urban Rural Development of the PRC ("**MOHURD**") and the PBOC held a meeting with the key real estate enterprises to discuss a long-term mechanism for regulation of the real estate market. MOHURD and PBOC then introduced several capital and financing management rules, commonly known as the "three red lines", to regulate the real estate market, requiring some real estate enterprises to maintain (i) a debt-to-asset ratio of no greater than 70 per cent. after exclusion of the deposits received; (ii) a net debt ratio of no greater than 100 per cent.; and (iii) a cash to short-term debt ratio of no less than one. Availability of financing for property developers may be restricted if they do not meet such ratios.

There can be no assurance 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 primary land development and consolidation activities are exposed to certain risks associated with resettlement of local residents.

Many of the Group's primary land development and consolidation projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any current resident or business is dissatisfied with the compensation or the substitute properties and refuses to move, the relevant entity within the local government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable resettlement compensation arrangement, or apply to the relevant land authority for its determination on whether the resettlement compensation and resettlement timetable is in compliance with PRC law. The relevant land authority will then make a decision as to the proper resettlement compensation and timetable. There can be no assurance that the resettlement of current residents or businesses will proceed smoothly or that they will agree to the compensation. Any delays affecting such resettlements may result in delays in the Group's development schedules and/or increases in the Group's development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Group has minority interests or does not have management control.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Group has minority interests or does not have management control. The Group may fail to manage such assets or projects successfully. The Group's involvements with such assets or projects are generally subject to the terms of applicable agreements and arrangements. The Group may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Group does not have majority interests or does not have management control. In the event that the Group cannot agree with other shareholders of the entities in which the Group has minority interests, or cannot agree with the decisions of the board of directors of the subsidiaries in which the Group does not have management control on their respective management decisions, this may result in a deadlock and may impede the further development of the relevant business in that they may delay or prevent critical decisions. In addition, the Group's role as a non-controlling shareholder or a parent means it does not have management control in these companies. This may also have an adverse impact on the Group's return on investment, as management or other shareholders of these companies might institute or undertake transactions, strategies, policies or programmes that result in a decrease in the value of these companies and, as a consequence, the Group's return on investment. In addition, the Group's results of operations could be materially and adversely affected if the Group takes any significant impairment charge on its investments in any such entity where such entity fails to perform financially as expected or otherwise.

The Group operates in multiple businesses and such business structure exposes the Group to challenges not faced by companies with a single or fewer variety of businesses.

The Group has a number of subsidiaries and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group's operation and investment primarily focus on four major business segments, namely, primary land development and consolidation, urban infrastructure construction and operation, resettlement housing construction and sale and commodity sales and other businesses. As such, the Group is exposed to business, market and regulatory risks associated with multiple businesses.

Further, the Group may from time to time expand its businesses to new industries and markets in which it has limited operating experience. For example, the Group plans to enter into the supply chain trading business for the trading and distribution of steel, cement, asphalt and other commodities. See "*Description of the Group — Recent Developments — Strategic Framework Agreement with Hangzhou CIEC*" for more details. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

The Group engages in public interest projects which may not be profitable and the Group may not be able to recover its investment or achieve financial returns in relation to such public interest projects.

As a state-owned enterprise, the Group engages and participates in projects which are motivated by public interests and social welfare development. During the Thirteenth Five-Year Plan period (2016– 2020), the Group completed (i) 33 land development projects, with a total area of transferred land of 1,761 Mu and an aggregate transfer price of approximately RMB63.4 billion and (ii) ten resettlement housing projects, with a total construction area of approximately 1.3 million square metres and involving the relocation of 7,793 households. From 2020 to 2022, the Group developed land parcels with a total area of approximately 371.64 Mu with a total transfer amount of approximately RMB14.4 billion and a recognised income of approximately RMB6.4 billion. See "*— Description of the Group — Description of the Group's Business*" for more details. Such projects which promote public interest considerations of the government are not generally profitable businesses and may not be commercially viable. The Group may not be able to recover its investment in such public interest projects or achieve financial returns in commercially desirable terms, or at all. Furthermore, the Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating projects. There can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected as a result of its participation in public interest projects.

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

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

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

Under applicable PRC laws and regulations, if the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees. The PRC government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (《國務院關於促進節約集約用地的通知》國發[2008]3 號) which states, among other things, that the Ministry of Land and Resources of the PRC ("**MLR**") (which was cancelled and replaced by the Ministry of Natural Resources of the PRC (自然資源部) in March 2018) and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the MLR issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land (《國土資源部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 commenced development within the time stipulated in its relevant land use rights grant contracts and therefore has no 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 can be no assurance that the Group will always be able to comply with the relevant policies on idle land and 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.

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

Some of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out its (i) primary land development and consolidation, (ii) urban infrastructure construction and operation and (iii) resettlement housing construction and sale businesses. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects.

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

In addition, under the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to fifteen days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013–2020 (國民旅遊休閒綱要 2013–2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013–2020, the Group's labour costs (inclusive of those incurred by contractors) may increase.

Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease the Group's 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.

As such, labour shortages, labour disputes or increases in labour costs of the Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects which could materially and adversely affect the Group's business, prospects and results of operations.

Fluctuations in the price of construction materials could adversely affect the Group's business and financial performance.

The cost of construction materials, such as steel, which constitutes a significant portion of the Group's payments to its construction contractors, may fluctuate. Any increase in the cost of construction materials may result in additional costs to the Group and may lead to future increases in construction contract costs. Construction material costs have fluctuated in recent years. Any increase in the cost of any significant construction materials will adversely impact the Group's overall construction costs, which may pose an adverse impact on the profitability of the Group.

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

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

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

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There 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 applicable safety regulations or requirements from any government authorities. 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's success depends on the continuing service of its management team and qualified employees and any failure to attract and retain competent personnel may adversely affect the Group's business.

The success of the Group's business has been, and will continue to be, heavily dependent upon the continuing service of the directors of the Company and members of its senior management. If the Group loses the services of any of the Group's key executives and cannot replace them in a timely manner, the Group's business may be materially and adversely affected.

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

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn could affect its reputation. Examples of such misconduct primarily 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 bribes;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group is subject to counterparty credit and performance risk.

Non-performance by the Group's suppliers and customer may occur in a range of circumstances, such as:

- a significant reduction in prices of products could result in customers being unwilling or unable to honour their contractual commitments to purchase from the Group at pre-agreed prices;
- suppliers may take payment in advance from the Group and then find themselves unable to honour their delivery obligations due to financial distress or other reasons; and
- a significant increase in prices of raw materials could result in suppliers being unwilling to honour their contractual commitments to sell to the Group at pre-agreed prices.

The Group seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions, such as bank drafts, letters of credit or commercial bills. Whilst such credit support is believed appropriate based on current levels of perceived risk, there is a possibility that a protracted difficult economic environment could negatively impact the quality of these exposures. No assurance can be given that the Group's attempts to reduce the risk of customer non-performance will be successful in every instance or that its financial results will not be adversely affected by the failure of counterparties to fulfil their contractual obligations in the future. Such failure could have an adverse impact on the Group's business, results of operations, financial condition and prospects.

The Group's businesses may be materially and adversely affected if the Group fails to maintain adequate and effective risk management, internal control and financial reporting systems.

Certain areas within the Group's risk management, internal control and financial reporting systems may require constant monitoring, maintenance and continual improvements by the Group's senior management and staff. The Group's business, financial condition, results of operations and prospects may be materially and adversely affected if the Group's efforts to maintain these systems prove to be ineffective or inadequate. The Group's risk management, internal control and financial reporting systems may contain inherent limitations caused by employees' inexperience or errors in their judgment. As a result, there is no assurance that the Group's risk management, internal control and financial reporting systems are adequate or effective, notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to the Group's risk management system, and a material adverse effect on the Group's financial condition and results of operations.

The Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Group may from time to time be involved in disputes with various parties involved in its business, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage the Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's conduct in respect of its operations, the Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects.

There can be no assurance that the Group will not be so involved in any major legal or other proceedings in the future which may subject the Group to significant liabilities and may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Measures to protect the Group's intellectual property rights against infringement may not be adequate and the Group may be exposed to infringement claims.

The Group has intellectual property rights in the PRC. Existing laws in the PRC may not be able to effectively protect the Group's intellectual property rights from infringement acts and enforcement procedures may be protracted, costly or ineffective. In addition, the steps the Group takes in protecting its intellectual property rights may not be adequate to prevent or deter infringement or other misappropriation of its intellectual property rights. There can be no assurance that the Group will be able to detect unauthorized use or take appropriate, timely and effective actions to enforce its intellectual property rights.

The Group faces competition in the markets in which it operates.

The Group believes that some of the industries it engages in, for example, commodity sales, are characterised by a market-oriented open competition environment. The Group's competitors include large state-owned enterprises of the PRC, privately-owned domestic companies, and leading international companies, in Hangzhou City in particular. As a result of the PRC's accession to the World Trade Organisation, the PRC government has opened up certain domestic markets to foreign competition, and foreign-invested companies are now allowed to participate in various types of projects, including infrastructure development. The Group also competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. In the PRC, some of the local companies have extensive local knowledge and business relationships and a longer operational track record in relevant local markets than the Group. The international companies are able to capitalise on their overseas experience to compete in the PRC markets. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, availability of capital and financing resources and the introduction of new or improved products and services. There can be no assurance that the Group's current or potential competitors will not offer services or products comparable or superior to those that the Group offers or lower prices or adapt more quickly than the Group does to evolving industry trends or changing market conditions. The Group may lose customers to its competitors if, among other things, it fails to keep its prices at competitive levels or to sustain and upgrade its capacity and technology. Increased competition may result in price reductions, reduced profit margins and loss of market share.

Future investments or acquisitions may have an adverse effect on the Group's ability to manage its business.

The Group may make strategic investments and acquisitions that complement its operations. However, the Group's ability to make successful strategic investments and acquisitions depends on a number of factors, including its ability to identify suitable targets, obtain required financing on reasonable and favourable terms and governmental approval. In the event that the Group fails to identify suitable targets or is prevented from making such strategic investments or acquisitions due to financial, regulatory or other constraints, it may not be able to effectively implement its investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to (i) difficulties in integrating the operations and personnel of the acquired businesses; (ii) difficulties in maintaining uniform standards, controls and policies across the expanded group; (iii) liabilities associated with the acquired businesses that were unknown at the time of acquisition; and (iv) adverse impact on the Group's results of operations due to amortisation and/or impairment for goodwill associated with the acquisitions.

Further, there is no assurance that the Group will be able to make acquisitions or investments on favourable terms or within a desired time frame. There is also no assurance that such acquisitions or investments would yield the expected level of return. In addition, the Group may require additional financing in order to make such acquisitions and investments. Debt financing may result in an increase in the level of the Group's indebtedness. Any of these factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

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

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents.

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

Publicly available information about the Issuer and the Company may be limited.

As each of the Issuer and the Company is a private company, there may be less publicly available information about the Issuer and the Company than is regularly made available by public companies in certain other countries.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its business. Furthermore, the future results of operations of the Group may also fluctuate or change materially due to the business model of the Group and the accounting treatments applied thereto. Since historical financial information of the Group may not be indicative of its current or future results of operations, there is no assurance that the Group will not record an operating loss in the future, which may have a negative effect on the Group's financial condition, results of operations and prospects.

The Company's Financial Statements have been prepared in accordance with PRC GAAP, which is different from IFRS in certain respects.

The Company's Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

In addition, the Group's current independent auditor, Peking CPA, is a registered member of the Chinese Institute of Certified Public Accountants. Although the Group's current auditor has significant audit experience in the PRC, it only has limited international capital markets experience. Prospective investors should consider this factor prior to making any investment decision.

The Company's Pro Forma Audited Financial Statements are based on estimates and assumptions which may not be indicative of actual future results.

This Offering Circular contains the Company's Pro Forma Audited Financial Statements, which were prepared based on a number of assumptions that the Group believes to be reasonable at the time of preparation. The Company's Pro Forma Audited Financial Statements assume, among other things, that the Group existed for the relevant years as specified in the Company's Pro Forma Audited Financial Statements and the consolidated subsidiaries for the relevant years as specified in the Company's Pro Forma Audited Financial Statements are the same as those for the Company's 2021 Audited Financial Statements. For details of the assumptions made in preparing the Company's Pro Forma Audited Financial Statements, please refer to "*Note 2 — Basis of Preparing of the Pro Forma Consolidated Financial Statements*" on F-263. The adjustments and assumptions made in the Company's Pro Forma Audited Financial Statements were based on information at the time of preparing the Company's Pro Forma Audited Financial Statements and such adjustments and assumptions are difficult to be made with complete accuracy. In addition, certain assumptions used in preparing the Company's Pro Forma Audited Financial Statements may not prove to be accurate and other factors may affect the Group's financial condition or results of operation. The Company's Pro Forma Audited Financial Statements also did not take into account all potential impacts of all transactions undertaken by the Group. As a result, the actual financial condition and results of operations of the Group for the year ended 31 December 2020 may not be consistent with, or evident from, the Company's Pro Forma Audited Financial Statements. There are also other factors which may affect the Group's financial condition and results of operations and render the Company's Pro Forma Audited Financial Statements not entirely reflective of the Group's actual performance. The Company's Pro Forma Audited Financial Statements should be read in conjunction with, and is qualified in its entirety by the notes thereto. The Company's Pro Forma Audited Financial Statements are for reference only and do not purport to represent the Group's actual, past or future financial condition and results of operations. Any decline or potential decline in the Group's financial condition or results of operations may materially and adversely affect the Group's reputation, business, performance and prospects. As such, investors are cautioned not to place undue reliance on the Company's Pro Forma Audited Financial Statements and should exercise caution when using such data to evaluate the Group's total returns and financial position.

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

Peking CPA, the independent auditor of the Company appointed to audit the Company's Financial Statements included elsewhere in this Offering Circular, has previously received warning letters from the China Securities

Regulatory Commission ("**CSRC**") and its local branches in relation to its audit of certain companies unrelated to the Company.

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

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

The Company from time to time issues debt instruments in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Company needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its debt instruments. The semi-annual financial information published by the Company in the PRC is normally derived from the Company's management accounts and typically is not audited or reviewed by independent auditors. As such, this financial information published in the PRC, which does not form part of this Offering Circular, should not be referred to or relied upon by potential investors in any way to provide the same quality of information associated with any information that has been subject to an audit or review. Further, the published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Company's management accounts subsequently published in the PRC. The Company is not responsible to holders of the Bonds for any 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. Potential investors must exercise extensive caution when using such information to evaluate the Company's or the Group's business, financial condition, results of operations and prospects. Such unaudited and unreviewed financial information should not be taken as an indication of the expected business, financial condition, results of operations and prospects of the Company or the Group for any relevant full financial year.

RISKS RELATING TO THE PRC

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

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In 2015, the PRC government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and moving away from investment and export fuelled growth. At the National People's Congress of the PRC in Beijing in March 2016, Premier Li Keqiang, in his annual policy report, announced the lowering of China's growth target for the year of 2016 to a growth rate between 6.5 per cent. to 7.0 per cent., from 7.0 per cent. in 2015, and at the NPC in Beijing in March 2017, Premier Li further announced the lowering of China's growth target for the year of 2017 to a growth rate of 6.5 per cent., acknowledging that the PRC had entered a new stage of economic development as the country simultaneously deals with an economic slowdown and reforms its economic growth model. As a consequence of these reforms and instability in the recovery of the international economy, the PRC reported a GDP of RMB90.03 trillion, RMB99.09 trillion and RMB101.60 trillion for the years ended 31 December 2018, 2019 and 2020, respectively. For the years ended 31 December 2018 and 2019, GDP annual growth rate of the PRC slowed to 6.6 per cent. and 6.1 per cent., respectively, and further slowed to 2.3 per cent. for the year ended 31 December 2020, which was the lowest growth rate in the previous 30 years, according to the statistics released by the National Statistics Bureau of the PRC, primarily due to the impact of the COVID-19 pandemic. While there has been improvement in the COVID-19 situation in the PRC where the Group operates, there remains uncertainty with regard to the continued development of the COVID-19 pandemic and its implications. According to the National Statistics Bureau of the PRC, the PRC's GDP growth rate for the year ended 31 December 2021 reached 8.4 per cent., and then dropped to 3.0 per cent. for the year ended 31 December 2022. Any such fluctuations in the future performance of China's economy could materially and adversely affect the Group's business and results of operations.

In March 2016, Moody's and S&P changed China'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. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA– to A+. These highlight the country's surging debt burden and questioned the government's ability to enact reforms. See "*— Risks Relating to the Group's Business — The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Hangzhou City, in particular Shangcheng District, Zhejiang Province and the PRC and policies of relevant local governments.*" for more details.

The future performance of the PRC'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. For example, the continued effect of Brexit and the international trade environment and various governments' trade and economic policies, including the recent trade tension between the U.S. and China, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets. See "*— Risks Relating to the Group's Business — The Group's business, financial condition, results of operations, profitability and prospects are subject to effects of global economic events.*" for more details. As such, there continues to be uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

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

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to, the extent of government involvement; level of development; growth rate; economic and political structure; the control of foreign exchange; allocation of resources; and regulation of capital reinvestment. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the

Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

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

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

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

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

It may be difficult to effect service of process on, or to enforce against, the Issuer, the Company or their respective directors or members of their respective senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Substantially all of the Group's assets and members are located in the PRC. In addition, substantially all of the assets of the Company's directors and the members of its senior management are located within the PRC. Therefore, it may be difficult for investors to effect service of process on the Issuer, the Company or their respective directors or members of their respective senior management inside the PRC. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative

Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Choice of Court Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process on the Issuer, the Company or their respective directors or members of their respective senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for "choice of court" agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process on the Issuer, the Company or their respective directors or members of their respective senior management in the PRC and/or to seek recognition and enforcement of judgments rendered by a Hong Kong court in the PRC. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, some European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court of any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

Substantially all of the Group's revenues and expenses are denominated in Renminbi, which is not currently a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC laws and regulations that affect exchange rates and foreign exchange transactions. Under the current PRC foreign exchange control system, foreign exchange transactions under the Group's current account do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of other competent authorities, including NDRC and the MOFCOM.

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

Any depreciation of the Renminbi may materially and adversely affect the Group's ability to fulfil its payment obligations under the Bonds.

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

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. The Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC and hit record lows since 2008 against the U.S. dollar in 2016. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. For more details, see "*Exchange Rate Information*". 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. Any significant depreciation of the Renminbi may adversely affect the value of the Group's businesses. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the businesses, financial conditions and results of operations of the Group.

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

Inflation rates within the PRC have been on a sharp uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the 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. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's businesses and financial conditions and results of operations, as well as its liquidity and profitability.

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 Group's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

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, the PRC law requires enterprises 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 the Group's 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 the Group's ability to fund its operations and to service its indebtedness.

RISKS RELATING TO THE BONDS

Payments by the Issuer with respect to the Bonds are dependent upon cash flow from other members of the Group.

The Issuer is a company established for carrying out activities in connection with the issue of the Bonds or any other debt securities and any other activities reasonably incidental thereto and does not have any operating activities or revenue other than relying on payments from other members of the Group in connection with the funds lent or otherwise. If the Issuer cannot make payments under the Bonds with its own cash flows, its ability to make payments under the Bonds will depend upon the timely remittance of funds from the Company and/or other members of the Group. However, the Company does not guarantee the Issuer's payment obligations under the Bonds. In the event that the Company and/or other members of the Group do not provide such funds to the Issuer due to lack of available cash flow or other factors, the Issuer's ability to make payment under the Bonds may be materially and adversely affected.

The PRC government has no legal obligations under the Bonds.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer or, as the case may be, the Company. Bondholders have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds in lieu of the Issuer or, as the case may be, the Company. This position has been reinforced by Circular 23, the Joint Circular and Circular 666. Because of the limited volume of published decisions in relation to Circular 23, the Joint Circular and Circular 666, the interpretation and enforcement of these laws and regulations involve uncertainties.

The liabilities of the Shangcheng District Finance Bureau are limited to its equity contribution in the Company held through its wholly-owned subsidiary. As such, neither the PRC government nor Hangzhou Municipal Government has any payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the Trust Deed and the Bonds and as an independent legal person. Government data such as GDP and local government income has been included in this Offering Circular solely for the purpose of showing the level of economic development in Zhejiang Province, Hangzhou City and Shangcheng District where substantially all of the Group's business operations and investments are located. Such data should not be construed as representing that the Bondholders have any recourse to the PRC government for payments under the Bonds. Investors should base their investment decision on the financial condition of the Issuer, the Company and the Group and any perceived credit risk associated with an investment in the Bonds based on the Group's own financial information reflected in its financial statements.

An active trading market for the Bonds may not develop.

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

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

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

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

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

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

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

Further, the World Health Organisation declared COVID-19 to be a global pandemic. There has been rapid and widespread increase in new infections in the United States, Europe and other parts of the world and increased COVID-19 fatality rates in many countries. Despite the easing of travel restrictions and containment measures related to COVID-19 and the fact that a number of countries have loosened or lifted their anti-COVID-19 restriction in 2022, there may continue to be uncertainties that lead to reduced levels of consumption, commercial activities and industrial production as well as disruptions to the global supply chain, any of which may result in recessions in these economies.

The military conflict between Russia and Ukraine has resulted in escalated regional instability and amplified the existing geopolitical tensions among Russia and other countries in the region and in the west. In addition, the escalating conflict between Russia and Ukraine could lead to regional and global instability, as well as adversely affect commodity and other financial markets or economic conditions. Therefore, significant uncertainty remains for the overall prospects for the global and the PRC economy.

As a result, the global financial markets are experiencing significant volatility which may adversely affect the market price of the Bonds. Investors must exercise caution before making any investment decisions.

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

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;
- 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, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Issuer. The repayment of the Bonds may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's future 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 amount received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes and certain withholding taxes and value-added tax may be applicable.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which took effect on 1 January 2008 and was amended on 29 December 2018, and the relevant 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. The gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, the 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 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 (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) which was promulgated on 21 August 2006 (the "**Tax Arrangement**"), the tax so charged on interests paid on the Bonds to the Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be 7 per cent. of the gross amount of the interest payable of the Bonds. According to the Tax Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Furthermore, according to the EIT Law, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of China shall be PRC tax resident enterprises for the purpose of the EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC resident enterprise for the purpose of the EIT Law. There is no assurance that the tax authorities will not consider the Issuer a PRC resident enterprise in the future. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC enterprise income tax of up to 10 per cent. on payments of interest and other amounts on the Bonds to non-resident enterprises Bondholders and to withhold PRC individual income tax of up to 20 per cent. on payments of interest and other amounts on the Bonds to non-resident individual Bondholders, provided that there are no tax treaties or arrangements between the PRC and those countries or areas which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Bondholders who are "non-resident enterprises", the Issuer will be required to pay such additional amounts as will result in receipt by a Bondholder of such amounts as would have been received by such Bondholder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the Issuer's ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", the Bondholders might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

On 23 March 2016, the MOF and the SAT issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (《財政部、國家稅務總局關於全面推开營業稅改徵增值稅試點的通知》(財稅[2016]第 36 號)) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Company and, if treated as a PRC resident enterprise, the Issuer, will be obligated to withhold VAT of 6 per cent. and certain local levies (as described below) 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 the Law of the People's Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅法》), the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定(2011 修訂)》) and the Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (Caizong [2010]No.98) (《財政部關於統一地方教育附加政策有關問題的通知》(財綜[2010]98 號)), a city maintenance and construction tax of 7 per cent., an educational surcharge of 3 per cent. and a local educational surcharge of 2 per cent. will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12 per cent. surcharge on any VAT payable).

VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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.

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

If the Issuer or the Company or any other member of the Group 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 Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Group under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Group, or that it would be able to find alternative financing. Even if the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The rating assigned to the Bonds may be lowered or withdrawn in the future.

The Existing Bonds have been assigned a rating of "BBB" by Fitch and the New Bonds are expected to be rated "BBB" by Fitch. The rating represents the opinions of the rating agency and their assessment of the ability of the Issuer and the Company to perform their respective obligations under the Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. In addition, credit rating agencies may change their methodology for assigning ratings at any time. None of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them has any obligation to inform holders of the Bonds of any such revision, qualification, suspension, reduction or withdrawal. A revision, qualification, suspension, reduction or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds and the ability of the Issuer and the Company to access the debt capital markets.

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

The Bonds will be evidenced by a Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (each a "**Clearing System**") on or about the New Issue Date. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates evidencing the Bonds. The Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Bonds are evidenced by the relevant Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

Owners of book-entry interests will not be considered owners or holders of the Bonds for purposes of the Trust Deed. A nominee of the common depositary for the relevant Clearing System will be the sole registered holder of the Global Certificate. Accordingly, holders of a beneficial interest in Bonds evidenced by the Global Certificate must rely on the procedures of the relevant Clearing System, and if such holder is not a participant in any such Clearing System, on the procedures of the participant through which such holder owns its interest, to exercise any rights and obligations of a holder of the Bonds under the Trust Deed.

The Issuer or the Company may not be able to redeem the Bonds upon the relevant dates for redemption thereof.

The Issuer, on the occurrence of a Change of Control (as defined under the Terms and Conditions of the Bonds) may, and at maturity will, be required to redeem the relevant Bonds. There is no assurance that the Issuer will have sufficient funds at such times to make the required redemptions of the Bonds. Following a Change of Control or at maturity, 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 when due may also be limited by the terms of other debt instruments. Failure by the Issuer to repay or redeem tendered Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

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

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption) if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts, as further described in Condition 6(b) of the Terms and Conditions of the Bonds. 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 insolvency laws of the British Virgin Islands and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Issuer and the Company are incorporated under the laws of the British Virgin Islands and the PRC, respectively, any bankruptcy or insolvency proceeding relating to the Issuer or the Company would likely involve British Virgin Islands or PRC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

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

In certain circumstances, including, without limitation, the giving of notice to the Issuer pursuant to Condition 9 of the Terms and Conditions of the Bonds and the taking of actions and/or steps and/or the instituting of proceedings pursuant to Condition 13 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or initiates proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or to institute such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction.

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

Decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally, and to pass resolutions in writing or by way of electronic consents through relevant clearing system(s). These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual Bondholders.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking by the Trustee or less than all of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree to (i) any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of the Terms and Conditions of the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking which in its opinion is not materially prejudicial to the interests of the Bondholders and (ii) any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable laws.

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

The Terms and Conditions of the Bonds are based on English law in effect as at the Original Issue Date. No assurance can be given as to the impact of any possible judicial decision or change in English law or administrative practice after the Original Issue Date.

The Issuer may issue additional Bonds in the future.

Further to the issue of the New Bonds, the Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for issue date and the first payment of interest on them) or otherwise raise additional capital through such means and in such manner as it may consider necessary. See "*Terms and Conditions of the Bonds — Further Issues*". There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

RISKS RELATING TO THE KEEPWELL DEED AND THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

Neither the Keepwell Deed nor the Deed of Equity Interest Purchase Undertaking from the Company is a guarantee of the payment obligations of the Issuer and the Company under the Bonds and may not give rise to a debt claim or be recognised by PRC courts in the event of any insolvency proceedings in relation to the Company.

The Company has entered into, in respect of the Existing Bonds, the Original Keepwell Deed and the Original Deed of Equity Interest Purchase Undertaking and will enter into the Supplemental Keepwell Deed and the Supplemental Deed of Equity Interest Purchase Undertaking in connection with the issuance of the New Bonds. See "*Offer Structure – The Keepwell Deed*", "*Description of the Keepwell Deed*", "*Offer Structure – The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*". Upon a breach of the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking, the Trustee may take action against the Company to enforce the provisions of the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking. However, none of the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or any actions taken by the Company under the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking can be construed as, or deemed as evidence of, a guarantee by the Company for the payment obligations of the Issuer under the Bonds. Accordingly, pursuant to the terms of the Keepwell Deed, the Company will only be obliged to make sufficient funds available to the Issuer, or in the case of the Deed of Equity Interest Purchase Undertaking, undertake certain specific actions rather than jointly or severally assume payment obligations as in the case of a guarantee. Furthermore, even if the Company intends to perform its obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, depending on the manner in which the Company arranges for sufficient funds to meet the payment obligations of the Issuer under the Bonds, such performance may be subject to obtaining prior consent or approvals from relevant PRC governmental authorities, including the PBOC, the NDRC, MOFCOM, NFRA, SASAC and SAFE. Although the Company is required to use its best endeavours to obtain any required consents and approvals in order to fulfil its respective obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, there can be no assurance that such consents or approvals will be obtained in a timely manner or at all. In the event that the Company fails to obtain the requisite consents or approvals, the Issuer may have insufficient funds to discharge its outstanding payment obligations to the holders of the Bonds, and the Company's obligations under the Keepwell Deed and the Deed of Equity Purchase Undertaking may be discharged if it has used best efforts to obtain relevant approvals or if it is clear that efforts will be futile, which may occur, among other things, if the relevant obligations arise after the Company enters into insolvency proceedings in the PRC. Further, in the event of an insolvency of a Relevant Transferor (as defined in the Deed of Equity Interest Purchase Undertaking) any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. The Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor.

In addition, under the Keepwell Deed, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds with the Issuer and the Trustee, among other things, to cause the Issuer to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Bonds and/or the Trust Deed. However, any claim by the Issuer and/or the Trustee against the Company in relation to the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking will be effectively subordinated to all existing and future obligations of the subsidiaries of the Company (which do not provide a guarantee in respect of the Bonds), particularly the PRC incorporated subsidiaries, and all claims by creditors of such PRC incorporated subsidiaries will have priority to the assets of such entities over the claims of the Issuer and the Trustee under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking.

In addition, the obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking may not give rise to a debt claim or be recognised by PRC courts in the event of any insolvency proceedings in relation to the Company. As the parties to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking have submitted to the exclusive jurisdiction of the Hong Kong courts, parties who have successfully obtained a judgment from Hong Kong courts in relation to a claim under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking and wish to enforce such a judgment in the PRC may do so pursuant to the Choice of Court Arrangement. However, it is currently uncertain as to whether such a judgment will be recognised and enforced by PRC courts where it relates to insolvency proceedings commenced in the PRC as the judicial practice in this area continues to evolve.

If the Company enters into bankruptcy, insolvency, restructuring or similar proceedings (collectively referred to as "**insolvency proceedings**") in the PRC, i.e. the PRC court accepts the petition in the insolvency proceedings of the Company, the administrator in the insolvency proceedings of the Company may not recognise the claims declared by the Trustee under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking as unsecured claims which are entitled to the distribution of the Company's assets under the Enterprise Bankruptcy Law of the PRC. Further, according to the PRC laws, the PRC court which accepts the petition in insolvency proceedings of the Company will have jurisdiction over all commercial claims or disputes against the Company including those arising out of or in connection with the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or the Bonds. Thus, after the Company enters into insolvency proceedings in the PRC, if the Trustee brings a suit or legal action against the Company in the Hong Kong court or such suit or legal action is pending, the relevant PRC court may request the Hong Kong court to recognise the legal effect of the insolvency proceedings in the PRC. If the Hong Kong court recognises the legal effect thereof, it may suspend such suit or legal action brought by the Trustee against the Company and provide certain judicial assistance with such insolvency proceedings. In such circumstances, the claims of the Trustee or the Bondholders under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking may be brought within the scope of review of the administrator in insolvency proceedings in the PRC and as stated above, such claims may not be registered as unsecured claims in insolvency proceedings in the PRC, in which case, the Trustee or the Bondholders may have limited or no remedies against the Company under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking in such insolvency proceedings in the PRC.

Consequently, even if the holders of the Bonds or the Trustee successfully obtain a judgment in Hong Kong courts in relation to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, there can be no assurance that the PRC courts will recognise and enforce such a judgment in insolvency proceedings relating to the Company. Accordingly, the holders of the Bonds may have limited or no remedies against the Company, in connection with such insolvency proceedings.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and certain limitations.

The Company intends to assist the Issuer to meet its obligations under the Bonds by entering into the Deed of Equity Interest Purchase Undertaking. Under the Deed of Equity Interest Purchase Undertaking, the Company has agreed in respect of the Existing Bonds and will agree in respect of the New Bonds to purchase or procure a subsidiary of the Company incorporated in the PRC to purchase, upon receipt of a Purchase Notice provided by the Trustee following an Event of Default, from any of the Issuer and/or any other subsidiary of the Company incorporated outside the PRC as designated by the Company or in the absence of a designation, all the subsidiaries of the Company incorporated outside the PRC (each, a "**Relevant Transferor**") the equity interest held by it, at a purchase price not lower than the amount sufficient to enable the Issuer to discharge in full its obligations under the Bonds and/or the Trust Deed.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking will be subject to the approval of or registration with the following PRC governmental authorities or their respective local counterparts (as the case may be):

- MOFCOM;
- NDRC;
- SASAC;
- PRC State Administration for Market Regulation;
- SAT; and/or
- SAFE.

As the approval process is beyond the control of the Company (particularly in the situation where the Deed of Equity Interest Purchase Undertaking is triggered by the winding-up of the Company), there can be no assurance that the Company will successfully obtain any of the requisite approvals or registrations in time, or at all, or that the PRC government's relevant policies or regulations will not change in the future. In the event that the Company fails to obtain the requisite approvals or registrations, the Issuer may still have insufficient funds to discharge its outstanding payment obligations to the Bondholders, and the Company's obligations under the Deed of Equity Purchase Undertaking may be discharged if it has used best efforts to obtain relevant approvals or if it is clear that efforts will be futile, which may occur, among other things, if the relevant obligations arise after the Company enters into insolvency proceedings in the PRC.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third-parties.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking may be subject to consent from third-party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third-party creditors.

Under the Deed of Equity Interest Purchase Undertaking, the Company has agreed in respect of the Existing Bonds and will agree in respect of the New Bonds to purchase, upon the occurrence of an Event of Default, from the Relevant Transferor the equity interest held by it. The ability of the Company to perform this undertaking may be affected by any present or future financing agreements of the Company and its subsidiaries:

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third-party creditor before the Relevant Transferor is able to proceed with the sale of such equity interest; and

- in the event that certain equity interests have been secured in favour of third-party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such equity interests.

Under the Terms and Conditions of the Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, there will not be any restrictions on the Company or its subsidiaries entering into financing agreements with such non-disposal or other restrictive covenants or securing the equity interests of any member of the Group in favour of its creditors (not being holders of relevant indebtedness/debt securities issued outside the PRC by the Company or any of its subsidiaries).

In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there can be no assurance that the Relevant Transferor will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the equity interest to proceed. If the Relevant Transferor is not able to do so, it may need to repay the indebtedness owed to its third-party creditors in order to be able to sell the relevant equity interests to the Company. In the event that the required consents or waivers from third-party creditors are not able to be obtained and in the case of third-party creditors, the relevant indebtedness cannot be repaid in a timely manner, the sale of the equity interest may not be able to proceed and the Issuer may have insufficient funds to discharge its payment obligations to the holders of the Bonds.

In addition, the sale of the equity interests in certain non-wholly-owned companies may be subject to pre-emptive rights or other restrictions in such company's articles of association, shareholders' agreement or otherwise that would require the selling shareholder to obtain consent or a waiver from other third-party shareholders before any equity interest can be sold to the Company. In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective there can be no assurance that any required consents or waivers can be obtained from third-party shareholders in a timely manner or at all.

TERMS AND CONDITIONS OF THE BONDS

*The 5.9 per cent. bonds due 2024 in the aggregate principal amount of U.S.$125,000,000 (the "**New Bonds**") will be consolidated and form a single series with the U.S.$200,000,000 5.9 per cent. bonds due 2024 issued on 13 June 2023 (the "**Existing Bonds**") upon issue on the New Issue Date. The New Bonds will be issued as a further issue in accordance with Condition 15 and have the same terms and conditions as the Existing Bonds in all respects, except for the issue date, and the New Bonds and the Existing Bonds will vote together as a single series on all matters with respect to 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 definitive Certificates (as defined below) and referred to in the Global Certificate (as defined below).

The U.S.$200,000,000 in aggregate principal amount of 5.9 per cent. bonds due 2024 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Zhejiang Boxin (BVI) Limited 浙江柏鑫(英属维尔京)有限公司 (the "**Issuer**") are constituted by a trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated 13 June 2023 (the "**Issue Date**") made between the Issuer, Hangzhou Shangcheng District Urban Construction Investment Group Co. Ltd. (杭州上城区城市建设投资集团有限公司) (the "**Company**") and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (in such capacity, the "**Trustee**", which expression shall include its successors and all persons which for the time being are the trustee or trustees under the Trust Deed) as trustee for itself and the holders (as defined below) of the Bonds. The Bonds have the benefit of (i) a keepwell and liquidity support deed (as amended and/or supplemented from time to time, the "**Keepwell Deed**") executed by the Issuer, the Company and the Trustee relating to the Bonds; and (ii) a deed of equity interest purchase undertaking (as amended and/or supplemented from time to time, the "**Deed of Equity Interest Purchase Undertaking**") executed by the Company and the Trustee relating to the Bonds, both dated the Issue Date, and both deeds being executed in favour of the Trustee as trustee for itself and the Bondholders (as defined below). The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking.

The issue of the Bonds was authorised by written resolutions of the sole director of the Issuer passed on 17 May 2023. The entry into the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking was authorised by a resolution of the board of directors of the Company passed on 12 December 2022 and the shareholder of the Company has provided its consent for the issue of the Bonds on 20 March 2023.

Copies of the Trust Deed, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and the agency agreement dated the Issue Date (as amended and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Company, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include its successor(s)), as registrar (in such capacity, the "**Registrar**", which expression shall include its successor(s)) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include its successor(s) and any other or additional transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder are available for inspection by the Bondholders following prior written request and satisfactory proof of holding and identity during normal office hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday, other than public holidays) at the principal office for the time being of the Trustee, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong. References herein to "**Paying Agents**" include the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Bonds, and "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent, any other Paying Agent and any other agent or agents and their successor(s) appointed from time to time with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

1 FORM, AUTHORISED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**"). The Bonds are evidenced by registered certificates (the "**Certificates**" and each, a "**Certificate**") and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder (as defined below).

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate (other than the endorsed form of transfer) evidencing it or the destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

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

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

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered accounts (as defined in Condition 7(a)(ii)) of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder (save as provided in Condition 3(b)) shall be entitled to receive only one Certificate in respect of its entire holding of the Bonds.

(b) Transfer

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

In the case of a transfer of only part of a holding of the Bonds evidenced by a Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor, provided that each such holding shall be in an Authorised Denomination, and mailed by uninsured mail (at the cost of the Issuer) at the risk of the holder of the Bonds to the address of such holder appearing on the Register or as specified in the form of transfer, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt by the Registrar or the relevant Transfer Agent (as the case may be) of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder in writing requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (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, duty, assessment or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Agent (as the case may be) being satisfied that the Regulations (as defined below) have been complied with.

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of seven Payment Business Days (as defined in Condition 7 (f)) ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)); (iii) after a Tax Redemption Notice has been delivered by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice is deposited by a Bondholder with respect to such Bond pursuant to Condition 6(c).

(f) Regulations

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

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Company will, and each of the Issuer and the Company will ensure that none of their respective Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Irrevocable Cross-Border Standby Facility, Liquidity Support and Parent Investment

The Trustee shall provide a written notice (the "**Trigger Notice**") to the Company in accordance with the Trust Deed (i) upon being notified in writing by the Issuer and/or the Company that a Triggering Event has occurred, or (ii) if any Triggering Event has occurred, and if so requested in writing by Bondholders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) (subject to the Trustee having been first indemnified and/or provided with security and/or pre-funded to its satisfaction). Upon the receipt of the Trigger Notice, the Company has undertaken in the Keepwell Deed to:

(i) grant a standby facility (the "**Standby Facility**") and procure remittance of the Remittance Amount (as defined in the Keepwell Deed) as a loan to the Issuer;

(ii) provide liquidity support to the Issuer (the "**Liquidity Support**"); and

(iii) invest in the Issuer and/or any Offshore Subsidiary(ies) (as defined in the Keepwell Deed) (the "**Parent Investment**"),

in each case, in accordance with the Keepwell Deed and subject to it having obtained all relevant Regulatory Approvals (as defined in the Trust Deed) (which the Company has undertaken to use its best endeavours to obtain).

(c) Issuer Activities

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Company will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Bonds or any other debt securities and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds or any other debt securities to the Company or any other Subsidiaries of the Company).

(d) Financial Information and Compliance Certificate

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will furnish to the Trustee:

(i) a copy of the relevant Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Company as at the Issue Date)); and

(ii) a copy of the Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports,

and if such reports shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Company as at the Issue Date) or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Company as at the Issue Date), in each case, together with a certificate in English signed by an Authorised Signatory of the Company certifying that such translation is complete and accurate.

The Issuer and the Company will also furnish to the Trustee a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder, the Issuer, the Company or any other person for such reliance) (A) at the same time that a copy of the Audited Financial Reports is furnished and (B) within 14 days of any written request therefor from the Trustee.

The Trustee shall not be required to review the Audited Financial Reports, the Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4(d) or, if the same shall not be in the English language, to request or obtain or arrange for an English translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

(e) Undertakings relating to Compliance of Laws and Regulations

Each of the Issuer and the Company undertakes that it will comply with all applicable PRC laws and regulations in relation to the Bonds.

(f) Deed of Equity Interest Purchase Undertaking

Upon the Trustee being notified in writing of the occurrence of an Event of Default (as defined in Condition 9), the Trustee shall within three Business Days (as defined in the Trust Deed) give the Company (with a copy to the Issuer) a written notice in accordance with the Trust Deed notifying the Company of its obligations to carry out purchase(s) of certain equity interests held directly by the Issuer and/or any other Offshore Subsidiary (as defined in the Deed of Equity Interest Purchase Undertaking) pursuant to the Deed of Equity Interest Purchase Undertaking. Upon the completion of any Purchase (as defined in the Deed of Equity Interest Purchase Undertaking), the Company has undertaken in the Deed of Equity Interest Purchase Undertaking that, in the event that a Relevant Transferor (as defined in the Deed of Equity Interest Purchase Undertaking) is not the Issuer, that it shall procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price (as defined in the Deed of Equity Interest Purchase Undertaking) received by such Relevant Transferor to the Issuer, prior to any other use, disposal or transfer of the proceeds received.

(g) Use of Proceeds received pursuant to the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking

The Issuer shall, and the Company has undertaken in the Keepwell Deed and the Trust Deed to procure that the Issuer, take all actions necessary for the proceeds received from the Standby Facility, the Liquidity Support and/or the Parent Investment to be applied in and towards (i) the payment in full of any outstanding amounts as they fall due under the Trust Deed and the Bonds (including without limitation, the payment of the principal amount of the Bonds then outstanding (as defined in the Trust Deed) as at the date of the Trigger Notice and any interest accrued to but excluding the date of the Trigger Notice on the Bonds) if the Triggering Event is an Event of Default; or (ii) the remedy of the Financial Ratio Failure or the Shortfall Event if such Triggering Event has occurred, prior to any other use, disposal or transfer of the proceeds received.

The Company has undertaken in the Deed of Equity Interest Purchase Undertaking that upon the completion of any Purchase, it shall promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price (as defined in the Deed of Equity Interest Purchase Undertaking) received by the Issuer from the Company or pursuant to any on-loan or distribution referred to above in Condition 4(f) to be applied solely towards the payment of the Issuer's obligations under the Bonds and the Trust Deed (including without limitation the payment of the principal amount of the Bonds then outstanding (as defined in the Trust Deed) as at the date of the Purchase Notice and any interest accrued but unpaid on the Bonds up to but excluding the date of payment) prior to any other use, disposal or transfer of the proceeds received.

(h) Rating Maintenance

So long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Company undertakes that, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will, and the Company will procure that the Issuer shall, use reasonable endeavours to maintain a rating of the Bonds by at least one Rating Agency.

(i) Definitions:

In these Conditions:

"**Audited Financial Reports**" means the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity of the Company together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Authorised Signatory**" means any director or any other officer of the Issuer or the Company (as the case may be), who has been authorised by the board of directors of the Issuer or the Company (as the case may be) to sign any certificate or document required in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking on behalf of, and so as to bind, the Issuer or the Company (as the case may be) and which the Issuer or the Company (as the case may be) has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

"**Compliance Certificate**" means a certificate in English (substantially in the form set out in the Trust Deed) of the Issuer or the Company signed by any Authorised Signatory of the Issuer or the Company (as the case may be) confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Company (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) each of the Issuer and the Company has complied with all its obligations under the Trust Deed, the Bonds and the Keepwell Deed and the Company has complied with all its obligation under the Deed of Equity Interest Purchase Undertaking or, if any non-compliance has occurred, giving details of it;

"**Consolidated Net Worth**" means, the excess of the total assets of the Issuer and its consolidated Subsidiaries over the total liabilities of the Issuer and its consolidated Subsidiaries, each of "total assets" and "total liabilities" to be determined in accordance with PRC GAAP consistently applied;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**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, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Rating Agency**" means any of Moody's Investor Service, Inc., S&P Global Ratings or Fitch Ratings Ltd. and their respective successors;

"**Relevant Indebtedness**" means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities which for the time being are, or are intended to be or are 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, or any transferable loan facility or agreement);

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Company's financial year (being 31 December of that financial year); or

(ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Company's first half financial year (being 30 June of that financial year);

"**Subsidiary**" means, with respect to any person, (i) 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 (ii) any corporation, association or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

a "**Triggering Event**" means the occurrence of any of the following events:

(i) the Consolidated Net Worth of the Issuer falls below U.S.$1.00 (or its equivalent in any other currency) (a "**Financial Ratio Failure**");

(ii) an Event of Default; or

(iii) the Issuer determines that it will have insufficient liquidity or cashflow to meet its payment obligations under the Bonds or the Trust Deed as they fall due (a "**Shortfall Event**");

"**Unaudited Financial Reports**" means the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity of the Company together with any statements, reports (including any directors' and auditors' review reports, if any) and any notes attached to 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 the Issue Date at the rate of 5.9 per cent. per annum, payable in arrear in a fixed amount of U.S.$29.50 per Calculation Amount (as defined below) on 13 December 2023 and a fixed amount of U.S.$29.17 per Calculation Amount on 11 June 2024 (each an "**Interest Payment Date**").

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

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period other than a complete Interest Period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

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

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 June 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**") which shall specify the date for redemption in accordance with Condition 16 (which shall be irrevocable) to Bondholders and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to (but excluding) the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 6 June 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory 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, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee and the Agents shall be entitled (but shall not be obliged) to accept and rely conclusively on such certificate and opinion (without further investigation or enquiry and without liability to the Bondholders, the Issuer, the Company or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders.

(c) Redemption for Change of Control

At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. of their principal amount, together with any interest accrued to (but excluding) such Put Settlement Date. In order to exercise such right, the holder of the relevant Bonds must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, initially in the form scheduled to the Agency Agreement, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, (i) by not later than 30 days following a Change of Control (the "**Initial Exercise Period**"), or, (ii) if later, within 30 days following the date upon which notice of the Change of Control is given to Bondholders and the Trustee by the Issuer in accordance with Condition 16 (the "**Substituted Exercise Period**").

The "**Put Settlement Date**" in respect of any Bond for which such option is exercised shall be the fourteenth day after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before the expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period. 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.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

None of the Trustee or the Agents shall be required to take any steps to ascertain whether a Change of Control has occurred or shall be responsible for or liable to Bondholders, the Issuer, the Company or any other person for any loss arising from any failure to do so.

For the purpose of these Conditions:

(i) a "**Change of Control**" occurs when:

  (A) (x) the Shangcheng District Government and/or its governmental departments and agencies, (y) the Hangzhou Municipal Government, the People's Government of Zhejiang Province and/or their governmental departments and agencies and (z) any other Person directly or indirectly Controlled by any Person named in (x) and (y) (together, the "**Government Persons**"), together cease to hold or own 100 per cent. of the issued share capital of the Company;

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

  (C) the Issuer and/or the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person or Persons, acting together, unless such Person(s) is/are Controlled by the Government Persons;

(ii) "**Control**" means (A) the ownership or control of more than 75 per cent. of the voting rights of the issued share capital of the relevant Person or (B) the right to appoint and/or remove all or the 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;

(iii) "**Hangzhou Municipal Government**" means the People's Government of Hangzhou City of the PRC or its successor(s);

(iv) a "**Person**" includes any corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof but does not include the Company's wholly-owned direct or indirect Subsidiaries; and

(v) "**Shangcheng District Government**" means the People's Government of Shangcheng District of the PRC or its successor(s).

(d) Purchase

The Issuer, the Company or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Company 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 or for the purposes of Condition 9, Condition 12(a) and Condition 13.

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

(f) Cancellation

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

7 PAYMENTS

(a) Method of Payment

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the holder of such Bond. In this Condition 7, the "**registered account**" of a Bondholder means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear in the Register at the close of business on the Record Date.

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

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except for 1 January and 25 December.*

(b) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

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

(d) Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (or, in the limited circumstances specified in the Trust Deed and the Agency Agreement, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any 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 16.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(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 commercial banks and foreign exchange markets are open for business in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 6 June 2023 (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 amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**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:

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

(ii) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is surrendered (where surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate evidencing such Bond for payment on the last day of such period of 30 days.

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

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

If the Issuer becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or the PRC, references in Condition 6(b) and this Condition 8 to the British Virgin Islands or the PRC shall be construed as references to the British Virgin Islands, the PRC and/or such other jurisdiction (as the case may be).

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

9 EVENTS OF DEFAULT

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

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

(a) **Non-Payment**: there has been a failure to pay (i) the principal of any of the Bonds when due, or (ii) any 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 or the Company does not perform or comply with any one or more of their respective obligations under the Bonds, the Trust Deed, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking (other than those referred to in Condition 9(a) and where such default gives rise to a right of redemption pursuant to Condition 6(c)) and such default (i) is incapable of remedy or, (ii) if capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer and the Company; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or the Company or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or within any originally applicable grace period (as the case may be), or (iii) the Issuer, the Company or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds U.S.$20,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 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 any material part of the property, assets or revenues of the Issuer, the Company or any of their respective Principal Subsidiaries and is not discharged or stayed within 45 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Company or any of their respective Principal Subsidiaries over all or a material part of the assets of the Issuer, the Company 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 45 days; or

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

(g) **Winding-up**: (i) an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Company or any of their respective Principal Subsidiaries, or (ii) the Issuer, the Company or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except in the case of (i) and (ii) above (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary (other than the Issuer), whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Company and/or their respective Subsidiaries or (c) a disposal of a Principal Subsidiary on an arm's length basis where the proceeds resulting from such disposal are transferred to or otherwise vested in the Issuer, the Company and/or their respective Subsidiaries or (d) a solvent winding-up of any Principal Subsidiary other than the Issuer; or

(h) **Nationalisation**: any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Company or any of their respective Principal Subsidiaries; 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 and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Company to perform or comply with any one or more of their respective obligations under any of the Bonds, the Trust Deed, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking; or

(k) **Keepwell Deed and Deed of Equity Interest Purchase Undertaking**: the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking is not (or is claimed by the Issuer and/or the Company not to be) in full force and effect, or any of the Keepwell Deed or the Deed of Equity Interest Purchase

Undertaking is modified, amended or terminated other than strictly in accordance with its terms or these Conditions; or

(l) **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).

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Issuer or the Company (as the case may be):

(i) whose revenue or consolidated revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least five per cent. of the total revenue as shown by the latest published audited consolidated income statement of the Issuer or the Company (as the case may be) including, for the avoidance of doubt the Issuer or the Company (as the case may be) and its consolidated Subsidiaries' share of revenue of each direct or indirect investees of the Issuer or the Company (as the case may be) not consolidated with the audited consolidated accounts of the Issuer or the Company (as the case may be) and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests; or

(ii) whose profit or consolidated profit (in each case before taxation and exceptional items) (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least five per cent. of the sum of (x) total consolidated profit (before taxation and exceptional items) as shown by the latest published audited consolidated income statement of the Issuer or the Company (as the case may be) and (y) the Issuer or the Company (as the case may be) and its consolidated Subsidiaries' share of profits of each direct or indirect investees of the Issuer or the Company (as the case may be) not consolidated with the audited consolidated accounts of the Issuer or the Company (as the case may be) and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests; or

(iii) whose total assets or consolidated total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited balance sheet, are at least five per cent. of the sum of (x) the total assets of the Issuer or the Company (as the case may be) and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer or the Company (as the case may be) and (y) the Issuer or the Company (as the case may be) and its consolidated Subsidiaries' share of the assets of each direct or indirect investee of the Issuer or the Company (as the case may be) whose accounts are not consolidated with the audited consolidated accounts of the Issuer or the Company (as the case may be) and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests,

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

(a) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer or the Company (as the case may be) after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Company (as the case may be) relate, the reference to the then latest consolidated audited accounts of the Issuer or the Company (as the case may be) for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Company (as the case may be) for the financial period in which the relevant corporation or other business entity becomes a Subsidiary of the Issuer or the Company (as the case may be) are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Company (as the case may be) adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary of the Issuer or the Company (as the case may be) which itself has Subsidiaries) of such Subsidiary in such accounts;

(b) if the accounts of any Subsidiary of the Issuer or the Company (as the case may be) (not being a Subsidiary of the Issuer or the Company (as the case may be) referred to in proviso (a) above of this definition) are not consolidated with those of the Issuer or the Company (as the case may be), then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if available) with the pro forma consolidated accounts (determined on the basis of the foregoing) of the Issuer or the Company (as the case may be); and

(c) in relation to any Subsidiary of the Issuer or the Company (as the case may be), each reference in proviso (a) or (b) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any director of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer or the Company (as the case may be) which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer or the Company (as the case may be) prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition.

A certificate of the auditors of the Issuer or the Company (as the case may be) that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Company, the Trustee, the Agents and the Bondholders.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders (in accordance with Condition 16) and in writing to the Trustee, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent (as the case may be) may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking. Such a meeting may be convened by the Trustee, the Issuer or the Company and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, 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, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking (other than pursuant to the terms thereof or as provided in Condition 12(b)) (each a "**Reserved Matter**"), 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 such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed.

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

Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification, Waiver and Authorisation

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

(c) Entitlement of the Trustee

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking steps and/or actions and/or initiating proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and/or these Conditions and in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for any fees, costs, expenses or liabilities incurred by it in priority to the claims of Bondholders. The Trustee and the Agents are entitled to (i) enter into business transactions with the Issuer, the Company and/or any entity related (directly or indirectly) to the Issuer or the Company without accounting for any profit and (ii) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or any such trusteeship without regard to the interests of, or consequences for, the Bondholders (as the case may be).

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Company and any other person appointed by the Issuer and/or the Company in relation to the Bonds and, unless it has written notice from the Issuer or the Company to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Company or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, request, instruction or resolution of Bondholders given by Bondholders holding the requisite principal amount of the Bonds outstanding (as defined in the Trust Deed) or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions or by law to exercise any discretion or power, take or refrain from any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from any such action, making any such decision or giving any such direction, to seek directions or clarification from the Bondholders by way of Extraordinary Resolution, and the Trustee shall be entitled to rely conclusively on any such directions or clarification and shall not be responsible for any loss or liability incurred by the Issuer, the Company, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision or giving such direction where the Trustee is seeking such approval, directions, clarification or instructions from the Bondholders or in the event that no approval, direction, clarification or instruction is given to the Trustee by the Bondholders. The Trustee shall not be liable to any Bondholders, the Issuer, the Company or any other person for any action taken by it in accordance with the approval, directions, clarification or instructions of the Bondholders.

The Trustee and the Agents shall have no obligation or duty to monitor compliance by the Issuer or the Company with the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions or whether an Event of Default, a Potential Event of Default or a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

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

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

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date and the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the

Bonds then outstanding (as defined in the Trust Deed). Any further bonds forming a single series with the Bonds then outstanding (as defined in the Trust Deed) shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

All notices to the Bondholders 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 or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published at the Issuer's expense 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 evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, except to the extent expressly provided for in these Conditions and in the Trust Deed.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

(c) Agent for Service of Process

Each of the Issuer and the Company has in the Trust Deed, the Agency Agreement and the Keepwell Deed and the Company has in the Deed of Equity Interest Purchase Undertaking, irrevocably appointed The Law Debenture Corporation (H.K.) Limited at Suite 1301, 13th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer or the Company (as the case may be)). If for any reason such agent ceases to be able to act as such or no longer has an address in Hong Kong, the Issuer or the Company (as the case may be) irrevocably agrees to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint such a person by notice to and at the cost of the Issuer or the Company (as the case may be). The Issuer and the Company each agrees that failure by such agent to notify it of any process will not invalidate service. Nothing shall affect the right to serve process in any manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

The Bonds will be evidenced by a Global Certificate (which will replace the global certificate issued on 13 June 2023 evidencing the Existing Bonds) registered in the name of a nominee or, and deposited with, a common depositary for Euroclear and Clearstream.

Promise to Pay

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

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except for 25 December and 1 January.

Calculation of Interest

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

Exchange of Bonds Evidenced by Global Certificates

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

Trustee's Powers

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

Notices

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

Transfers

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

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer, the Company or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of the Bondholders.

Meetings

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

USE OF PROCEEDS

The gross proceeds from the offering of the New Bonds (calculated at the issue price and before adding accrued interest from, and including, 13 June 2023 to, but excluding 18 July 2023) will be U.S.$124,347,840. After deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the New Bonds, the Issuer intends to use the proceeds from this offering for refinancing existing indebtedness, project construction and general corporate purposes of the Group.

CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

The following table sets forth the consolidated indebtedness (both current and non-current portions) and capitalisation of the Company as at 31 December 2022 (i) on an actual basis, and (ii) on an adjusted basis to give effect to the Existing Bonds and the New Bonds to be issued before deducting commissions and other fees expenses payable by the Issuer in connection with the offering of the Bonds.

The summary consolidated financial information below should be read in conjunction with the Company's 2022 Audited Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	Actual		**As adjusted**	
	RMB (million)	*U.S.$[5] (million)*	*RMB (million)*	*U.S.$[5] (million)*
Current indebtedness:				
Short-term borrowings	715.59	103.75	715.59	103.75
Non-current liabilities due within one year	4,415.35	640.17	4,415.35	640.17
Other current liabilities[1]	772.59	112.02	772.59	112.02
Existing Bonds issued[2]	—	—	1,379.44	200.00
New Bonds to be issued[2]	—	—	862.15	125.00
Total current indebtedness	**5,903.53**	**855.94**	**8,145.12**	**1,180.94**
Non-current indebtedness:				
Long-term borrowings	15,330.76	2,222.75	15,330.76	2,222.75
Bonds payable	5,292.87	767.39	5,292.87	767.39
Total non-current indebtedness	**20,623.63**	**2,990.15**	**20,623.63**	**2,990.15**
Total indebtedness[3]	**26,527.16**	**3,846.09**	**28,768.75**	**4,171.09**
Total equity	**38,217.15**	**5,540.97**	**38,217.15**	**5,540.97**
Total capitalisation[4]	**64,744.31**	**9,387.06**	**66,985.90**	**9,712.06**

Notes:

(1) This amount represents interest-bearing other current liabilities and excludes "Taxes to be transferred" (待转销项税额) recorded under other current liabilities. See Note VI.27 to the Company's 2022 Audited Financial Statements included elsewhere in this Offering Circular.

(2) This amount represents the aggregate principal amount of the Existing Bonds issued or, as the case may be, the New Bonds to be issued.

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

(4) Total capitalisation represents the sum of total indebtedness and total equity.

(5) Based on the exchange rate of RMB6.8972 to U.S.$1.00, the noon buying rate in effect on 30 December 2022 as set forth in the H.10 weekly statistical release of the Board of the Governors of the Federal Reserve System of the United States.

The Company incurs indebtedness from time to time to fund its operations. As at the date of this Offering Circular, since 31 December 2022, the Group's bonds payables increased by approximately RMB3.8 billion and U.S.$0.2 billion compared to 31 December 2022, primarily due to the issue of RMB1 billion 3.50 per cent. bonds with a tenor of seven years in January 2023, the issue of RMB1 billion 3.48 per cent. bonds with a tenor of three years in February 2023, the issue of RMB1 billion 3.49 per cent. bonds with a tenor of seven years in

April 2023, the issue of RMB0.8 billion 3.20 per cent. bonds with a tenor of three years in June 2023 and the issue of the Existing Bonds on 13 June 2023.

Except as otherwise disclosed herein, there had been no material change to the consolidated capitalisation and indebtedness of the Company since 31 December 2022.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a BVI business company incorporated with limited liability under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 2101796). It was incorporated in the British Virgin Islands on 27 June 2022. The Issuer is an indirectly wholly-owned subsidiary of the Company. The registered office of the Issuer is at Intershore Chambers, P.O. Box 4342, Road Town, Tortola, VG1110, British Virgin Islands.

BUSINESS ACTIVITIES

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to the objects and powers set out in its memorandum of association. As at the date of this Offering Circular, the Issuer does not carry and has not carried on any business other than entering into arrangements for the issuance of offshore bonds on 28 July 2022 in the principal amount of U.S.$300,000,000 with a coupon rate of 3.99 per cent., the issuance of the Existing Bonds and the proposed issuance of the New Bonds and any other activities reasonably incidental thereto, and the Issuer has no other debt outstanding and has no contingent liabilities. As at the date of this Offering Circular, the Issuer has no subsidiaries and no material assets or liabilities save as disclosed herein.

SOLE DIRECTOR

The sole director of the Issuer is Hu Ying.

SHARE CAPITAL

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 ordinary shares with a par value of U.S.$1.00 each of a single class. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing of or permission to deal in such securities is being or proposed to be sought.

FINANCIAL INFORMATION

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

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company is a state-owned enterprise located in Shangcheng District, Hangzhou, Zhejiang Province. The Group is one of the most important land development and urban infrastructure construction entities in Shangcheng District and is responsible for the functions of urban construction and operations. It plays an important role in the urban planning and municipal construction works of the Shangcheng District Government.

As at the date of this Offering Circular, the Company is directly and wholly-owned by Shangcheng SOCO, which is turn directly and wholly-owned by the Shangcheng District Finance Bureau, a department of the Shangcheng District Government. As at the date of this Offering Circular, the registered capital of the Company is RMB6.8 billion. As at 31 December 2022, the Company had total assets of RMB74,722.2 million on a consolidated basis. The Company's key subsidiaries include Wanghaichao Construction Co., Ltd. (杭州望海潮建設有限公司) ("**Wanghaichao Construction**") and Hangzhou Shangcheng District Urban Construction & Comprehensive Development Co., Limited (杭州上城區城市建設綜合開發有限公司) ("**Shangcheng Comprehensive Development**").

The Group's businesses are primarily concentrated in the Shangcheng District. Historically, through its subsidiaries, the Group has focused on land development and infrastructure construction as its main businesses. It has gradually developed supporting businesses and is currently operating in four major business segments which complement one another, namely, (i) primary land development and consolidation, (ii) urban infrastructure construction and operation, (iii) resettlement housing construction and sale and (iv) commodity sales and other businesses. Other businesses include sale of parking spaces, property leasing, lending, parking lot and supply chain businesses. In February 2022, the Group ceased to operate its security service business but entered into a framework agreement with Hangzhou CIEC (as defined below) for the establishment of a joint venture to enter into the supply chain business. See "*Description of the Group — Recent Developments*" for more information. Set forth below is an overview of the principal business segments of the Group as at the date of this Offering Circular:

- ***Primary Land Development and Consolidation:*** Primary land development and consolidation generally refers to the process of preparing the land for the purposes of public tender, auction and listing-for-sale, and typically involves relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and installing basic infrastructure for future property development. The Group conducts its primary land development and consolidation business primarily through its wholly-owned subsidiaries, Wanghaichao Construction and Shangcheng Comprehensive Development. The Group focuses its primary land development and consolidation projects in the Genbei (艮北) and Pufu (普福) areas in the Shangcheng District as authorised by the Shangcheng District Government. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's primary land development and consolidation business was RMB3,255.8 million, RMB1,330.2 million and RMB3,932.1 million, respectively, accounting for 92.7 per cent., 49.9 per cent. and 74.9 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Urban Infrastructure Construction and Operation:*** As the most important platform via which the Shangcheng District conducts infrastructure construction in the Shangcheng District, the Group undertakes construction management of a number of key infrastructure projects in the Shangcheng District on an agency construction basis. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's urban infrastructure construction and operation business was nil, RMB14.2 million and RMB30.1 million, respectively, accounting for nil per cent., 0.5 per cent. and 0.6 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Resettlement Housing Construction and Sale:*** The Group's resettlement housing construction and sale business involves the construction of apartment buildings intended to be sold to persons whose current residents have been designated for demolition. The Group is the key entity authorised by the Shangcheng District Government to take charge of the resettlement housing construction and sale in Shangcheng District, including in the Genbei and Pufu areas. The Group conducts its resettlement housing construction and sale business segment primarily through Shangcheng Comprehensive Development and Wanghaichao Construction. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's resettlement housing construction and sale business was RMB28.3 million, RMB1,028.6 million and RMB701.2 million, respectively, accounting for 0.8 per cent., 38.5 per cent. and 13.4 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

- ***Commodity Sales and Other Businesses:*** The Group is also engaged in other ancillary businesses, including commodity sale, sale of parking spaces, property leasing, lending, parking lot and supply chain businesses. For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's commodity sales and other businesses was RMB99.8 million, RMB265.6 million and RMB559.2 million, respectively, accounting for 2.8 per cent., 10.0 per cent. and 10.7 per cent., respectively, of the Group's total operating revenue for the corresponding periods.

ESTABLISHMENT OF THE COMPANY

The Company was established in October 2021 by Shangcheng SOCO pursuant to the "Notice of the Chinese Communist Party Hangzhou Shangcheng District Committee and the Hangzhou Shangcheng District People's Government on Printing and Distributing the Implementation Plan for Deepening Reform of District State-Owned Enterprises" issued by Hangzhou Shangcheng District Committee Office of the Communist Party of China (the "**Shangcheng District Committee**") (Shang Wei Ban [2021] No. 113) (《中共杭州市上城區委杭州市上城區人民政府關於印發《區屬國有企業深化改革實施方案》的通知》(上委辦[2021]113 號)). At the time of its establishment, the Company had a registered capital of RMB6.8 billion. On 30 October 2021, according to the Notice on Implementing Free Transfer (First Batch) of Equity in District State-Owned Enterprises published by the Shangcheng District Finance Bureau (《關於對區屬國有企業股權實施無償劃轉（第一批）的通知》), 100 per cent. of the equity in each of Wanghaichao Construction and Shangcheng Comprehensive Development was transferred to the Company for nil consideration, and the Company's paid-up capital was increased to RMB6.8 billion.

OVERVIEW OF THE SHANGCHENG DISTRICT

The Shangcheng District is located in the east of Hangzhou City, near the Qiantang River and the West Lake. The Hangzhou Municipal Party Committee and the Hangzhou Municipal Government are located in Shangcheng District, and Qianjiang New City (錢江新城) and Wangjiang New City (望江新城) are the core areas of the Shangcheng District. There are several landmark infrastructure construction projects, such as Hangzhou East Railway Station (one of Asia's largest high-speed railway hubs), Hangzhou Central Railway Hub, Hangzhou International Conference Centre and Hangzhou Grand Theatre, that are located in the Shangcheng District, allowing the Shangcheng District to become an important regional centre with transportation and geographical advantages.

On 9 April 2021, according to the Approval on Adjustment of Part of the Administrative Area of Hangzhou City from the State Council (《國務院關於同意浙江省調整杭州市部分行政區劃的批覆》), the former Jianggan District and the former Shangcheng District were merged into the current Shangcheng District, covering a total area of 122.0 square kilometres, 14 street blocks and 199 communities. After the merger, the Shangcheng

District has become the political and economic centre as well as the commercial and financial centre of Hangzhou City.

RELATIONSHIP WITH THE PRC GOVERNMENT (INCLUDING THE SHANGCHENG DISTRICT GOVERNMENT AND THE HANGZHOU MUNICIPAL GOVERNMENT)

As a state-owned enterprise beneficially controlled by the Shangcheng District Finance Bureau and an important land development and urban infrastructure construction entity in the Shangcheng District, the Group is mainly involved in urban construction and operations within the Shangcheng District. The Group has extensive relationships with the Shangcheng District Government and the Hangzhou Municipal Government and other entities directly or indirectly controlled by the foregoing. See "*— Competitive Strengths — Comprehensive guidance by the Shangcheng District Government with respect to the Group's operation and development*" for further details.

Notwithstanding the Company's extensive relationships with the Shangcheng District Government and the Hangzhou Municipal Government and other entities controlled by the foregoing, the social and community functions performed by the Group or the financial support received by it, the Group is not a part of the government. The Group is operationally and financially independent from the Shangcheng District Government and the Hangzhou Municipal Government. Its functions and departments are separate from those of the government and it does not share any premises with the Shangcheng District Government or the Hangzhou Municipal Government. Moreover, the Group has a budget and financial reporting system and its assets and liabilities are separate from those of the Shangcheng District Government and the Hangzhou Municipal Government.

Shangcheng District Government and the Hangzhou Municipal Government, as the ultimate beneficial holders of the Company, only have limited liability to the Company in the form of their capital contribution in the Company. None of the Shangcheng District Government, the Hangzhou Municipal Government, the PRC government or any other PRC governmental entity has any payment or other obligations under the Bonds, the Trust Deed, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking and they will not provide a guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Shangcheng District Government, the Hangzhou Municipal Government, the PRC government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds, the Trust Deed, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds and the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. This position has been reinforced by Circular 23, the Joint Circular and Circular 666. Circular 23, the Joint Circular and Circular 666 do not, however, prohibit the PRC government from providing support in various forms (including capital injection and subsidies, but excluding injections of any public assets and/or land reserves) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Group and the PRC government (including the Shangcheng District Government and the Hangzhou Municipal Government) in this Offering Circular does not imply in any way any explicit or implicit credit support by the PRC government (including the Shangcheng District Government and the Hangzhou Municipal Government) in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

HISTORY AND DEVELOPMENT

The Company is a wholly-owned subsidiary of Shangcheng SOCO, which in turn is a wholly-owned subsidiary of the Shangcheng District Finance Bureau. The Company was established in October 2021 to consolidate and streamline the management of two companies previously directly owned by the Shangcheng District Finance

Bureau, namely Wanghaichao Construction and Shangcheng Comprehensive Development. As at the date of this Offering Circular, the registered capital of the Company is RMB6.8 billion.

Below are the milestones in the history and development of the Group:

2003	Shangcheng Comprehensive Development was established in March 2003 under the name of Hangzhou Jianggan District Urban Construction & Comprehensive Development Co., Limited (杭州江幹區城市建設綜合開發有限公司) by Hangzhou Jianggan District Urban Construction and Comprehensive Development Office (杭州江幹區城市建設綜合開發辦公室).
2012	Wanghaichao Construction was established in February 2012 by Hangzhou Shangcheng District Investment Holding Group Co., Ltd (杭州上城區投資控股集團有限公司) ("**Shangcheng District Investment**").
2013	In December 2013, Hangzhou Shangcheng District State-owned Assets Management Committee Office (杭州市上城區國有資產管理委員會辦公室) approved the transfer of the entire shareholding in Wanghaichao Construction held by Shangcheng District Investment to Wangjiang Command Office.
2015	In May 2015, pursuant to the approval of former Jianggan District Government, Shangcheng Comprehensive Development started its reformation into an operating entity, with Hangzhou Jianggan District Finance Bureau (currently the Shangcheng District Finance Bureau) as its sole shareholder.
2018	In May 2018, pursuant to the approval of the Shangcheng District Finance Bureau, the Shangcheng District Finance Bureau became the sole shareholder of Wanghaichao Construction.
2021	In October 2021, in accordance with the Document of the Office of the Chinese Communist Party Hangzhou Shangcheng District Committee (Shangweiban [2021] No. 113) (《中共杭州市上城區委辦公室檔》) (上委辦[2021]113 號), the Company was established by Hangzhou Shangcheng District State-owned Capital Operation Group, with an initial registered capital of RMB6.8 billion. In the same month, in accordance with the Notice on Implementing Free Transfer (First Batch) of Equity in District State-Owned Enterprises published by the Finance Bureau of Shangcheng District (《關於對區屬國有企業股權實施無償劃轉(第一批)的通知》), the Shangcheng District Finance Bureau transferred its entire shareholding in both Shangcheng Comprehensive Development and Wanghaichao Construction to the Company without consideration as capital contributions

made by Hangzhou Shangcheng District State-owned Capital Operation Group. This increased the paid-up capital of the Company to RMB6.8 billion.

In December 2021, the Shibanqiao Future Community Project (始版橋未來社區), which the Group was responsible for funding and constructing, was the only project in the Shangcheng District selected to be included in the publication of the Zhejiang Provincial Development and Reform Commission, "Future Communities: Theory and Practice in Zhejiang Province" (《未來社區：浙江的理論與實踐探索》). The Shibanqiao Future Community Project was also recognized as one of the "Zhejiang Province Smart Construction Sites of 2021" (2021年度浙江省智慧工地示範專案) by Zhejiang Provincial Trade Association of Building (浙江省建築業行業協會).

2022 .... In February 2022, the Shangcheng District Finance Bureau issued the Notice on Clarifying the Investment Relationship of State-owned Enterprise in the District (《關於明確區屬國有企業出資關係有關事項的通知》), which confirmed the capital contributions made by the Shangcheng District Finance Bureau, and that the Shangcheng District Finance Bureau is the actual controller of the Company which directly supervises and manages the daily operation of the Company.

In March 2022, the Shangcheng District Li Ning Sports Park (上城區李寧體育園), which was funded and constructed by the Group in connection with the hosting of the Asian Games in Hangzhou, commenced trial operation. It provides the community with a full range of sports facilities. This was a three-year construction project and the first national sports park which operates on a public-private partnership model in Hangzhou. The project was also selected to represent Hangzhou in the national sponge city projects showcase.

In April 2022, the Group officially delivered and handed over the national fitness centre that it constructed to Shangcheng District Culture, Radio, Television, Tourism and Sports Bureau (上城區文化和廣電旅遊體育局). The national fitness centre contains a water polo venue, a basketball court and a comprehensive sports hall.

In May 2022, the Group completed the excavation of the central and western district ruins, which will form part of the Southern Song Dynasty Museum (Phase I of the Deshou Palace Conservation and Exhibition Project) (南宋博物院(德壽宮遺址保護展示工程一期)). This is a national cultural conservation project funded and constructed by the Group, and

	is the foundation of further cultural heritage projects in the Shangcheng District.
2023	In February 2023, four projects of the Group, which comprise of the Shangcheng District Li Ning Sports Park and three projects in the Wangjiang Unit, won the 2022 West Lake Cup Award (Quality Project) for Construction Engineering in Hangzhou (杭州市建設工程西湖杯獎(優質工程)).

RECENT DEVELOPMENTS

Completion of the acquisition of Shangcheng Urban Investment and Business Administration

In December 2022, the Company entered into a share transfer agreement with the Shangcheng District Finance Bureau to acquire 100 per cent. shareholding in Shangcheng District Urban Investment and Business Administration Co., Ltd. (杭州上城區城投商業管理有限公司) ("**Shangcheng Urban Investment and Business Administration**"), which was wholly-owned by the Shangcheng District Finance Bureau prior to the acquisition, at a purchase price of RMB935.0 million. The share transfer was completed in March 2023 and the business filings have been made.

Entering into Supply Chain Businesses

In order to diversify the Group's business operations, the Group entered into a strategic framework agreement with Hangzhou CIEC Group Co., Ltd (杭州熱聯集團股份有限公司) ("**Hangzhou CIEC**") in March 2022 for the establishment of a joint venture, being Hangzhou Qiyu Supply Chain Service Co., Ltd. (杭州齊禹供應鏈服務有限公司) ("**Hangzhou Qiyu**"), to enter into the supply chain business for the trading and distribution of steel, cement, asphalt and other commodities. The cooperation with Hangzhou CIEC could help the Group diversify its income and increase its cash flow. Building on Hangzhou CIEC's business and logistic capabilities and risk control mechanisms, the Group is expected to expand its supply chain business while control the relevant risks.

In July 2022, Hangzhou Qiyu was established. The main business of Hangzhou Qiyu is to carry out centralised procurement of construction materials for supplying to local state-owned enterprises in Zhejiang province. As at the date of this Offering Circular, the Company holds 65 per cent. of the issued share capital of Hangzhou Qiyu.

Issuance of the Existing Bonds

On 13 June 2023, the Issuer issued the Existing Bonds, with the benefit of a keepwell and liquidity support deed and a deed of equity interest purchase undertaking by the Company. The proceeds from the Existing Bonds will be used for refinancing existing indebtedness, project construction and general corporate purposes of the Group.

AWARDS AND ACCOLADES

The Group has received numerous awards and accolades from various authorities and organisations throughout the years.

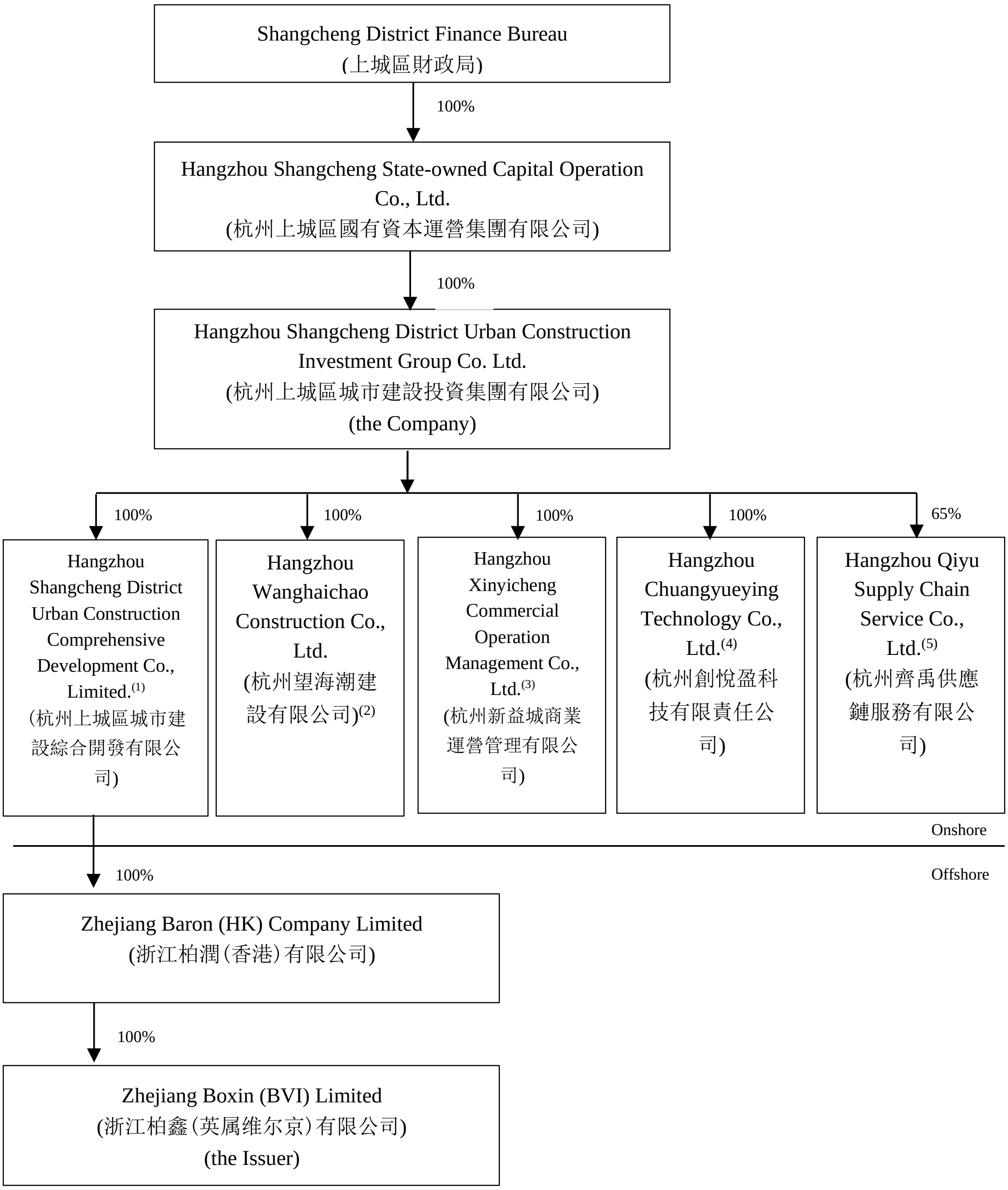
October 2019...	One of the Group's projects was awarded "Xihu Award (construction project) (2018)" by the Hangzhou Construction Association.

May 2020	One of the Group's resettlement housing projects was awarded "Xihu Award (construction project) (2019)" by the Hangzhou Construction Association.
June 2020	The Group's Hangzhou Shangcheng District Sports Centre project was awarded "Excellent Construction and Renovation Project of the Zhejiang Province" by the Zhejiang Province Construction and Renovation Association. One of the Group's resettlement housing projects was awarded 2019 Silver award for "Hangzhou Excellent Garden and Greening Projects (Residential and Units)" by the Hangzhou Gardening and Greening Industry Association.
August 2020	The Group's Hangzhou Shangcheng District Administrative Centre and Technology Cultural Museum construction project was awarded "Renovation Award of China Construction Projects" and "Qianjiang Award" by the Department of Housing and Urban-Rural Development of the Zhejiang Province (which is the top award for the state-owned investment projects in the Shangcheng District).
December 2020	The Group's Hangzhou Shangcheng District Administrative Centre and Technology Cultural Museum construction project was awarded the "China Construction Project Decoration Award" by the China Construction and Renovation Association. Hangzhou Shangcheng District Administrative Centre and Technology Cultural Museum construction project was also awarded as "Demonstration Project for Green Construction of the Zhejiang Construction Industry" by the Zhejiang Province Construction Industry Association.
March 2021	One of the Group's projects was awarded "Xihu Award (excellent structure)" by the Hangzhou Construction Project Quality and Safety Management Association.
November 2021...	One of the Group's projects was awarded "Demonstration Project for Smart Construction" by the Zhejiang Construction Association and the Zhejiang Smart Construction and Innovation Development Association.
March 2022	The Group's Jingfang Sanbao Unit JG1202-24 Parcel Dinghai Community Resettlement Housing Project was awarded "Hangzhou Construction Project Structural Quality Award in the second half of 2021" by the Hangzhou General Station for Quality and Safety Supervision of Construction Works.
July 2022...	The Group's Niutian Unit Tongxie Road (Baishi Port – Genshan East Road) Street Green Space Project on both sides was awarded "2021 Hangzhou Excellent Landscaping Project

	(Road Category) Silver Award" by the Hangzhou Gardening and Landscaping Industry Association.
February 2023	Four of the Group's projects, which comprise of the Shangcheng District Li Ning Sports Park and three projects in the Wangjiang Unit, were awarded the 2022 West Lake Cup Award (Quality Project) for Construction Engineering in Hangzhou (杭州市建設工程西湖杯獎(優質工程)).

CORPORATE STRUCTURE

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



Notes:

(1) Shangcheng Comprehensive Development is primarily engaged in primary land development and consolidation (covering Genbei area (total area: 3.90 million square metres) and Pufu area), resettlement housing construction and sale, urban infrastructure construction and operation and other businesses;

(2) Wanghaichao Construction is primarily engaged in primary land development and consolidation (covering Wangjiang area (total area: 2.94 million square metres)), resettlement housing construction and sale and property leasing;

(3) Hangzhou Xinyicheng Commercial Operation Management Co., Ltd. is primarily engaged in commercial property management, public leasing house construction and management and parking lot services;

(4) Hangzhou Chuangyueying Technology Co., Ltd. is primarily engaged in construction design, real estate development and operation, technology consulting and services and property management; and

(5) Hangzhou Qiyu. is primarily engaged in carrying out centralised procurement of construction materials for supplying to local state-owned enterprises within Zhejiang province.

COMPETITIVE STRENGTHS

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

Primary urban construction and operation entity in Shangcheng District and monopolistic advantages in various industries

In September 2021, the Shangcheng District Government consolidated and reorganised the various state-owned platforms in the Shangcheng District. Since then, state-owned enterprises including the Group in the Shangcheng District have adopted a "1+4" layout, where Shangcheng SOCO exercises the functions of the capital contributor of district state-owned enterprises and four other state-owned enterprises, namely, the Company, Hangzhou Shangcheng Urban Construction Development Group Co., Ltd. (杭州上城區城市建設發展集團有限公司) ("**Shangcheng Urban Investment**"), Hangzhou Shangcheng Municipal Engineering Group Co., Ltd. (杭州上城區市政工程集團有限公司) ("**Shangcheng Municipal**") and Hangzhou Shangcheng State-owned Investment Holding Group Co., Ltd. (杭州上城區國有投資控股集團有限公司) ("**Shangcheng State-owned Investment**"), all of which are consolidated into Shangcheng SOCO, are responsible for different aspects of urban investment and construction. For instance, Shangcheng Urban Investment is mainly responsible for the investment and construction projects to the south of Genshan Road (艮山路) in Shangcheng District (including the former Jianggan District and the 5.2 million square metre area surrounding the Jianqiao Town Airport), while Shangcheng Municipal and Shangcheng State-owned Investment are responsible for municipal public works engineering and state-owned asset investment, respectively.

The Company is designated by the Shangcheng District Committee as the main district-level construction and investment functional enterprise of Shangcheng District. It is also the largest in terms of total assets and net assets among the four district-level state-owned enterprises in Shangcheng District. The Company and its sole shareholder, Shangcheng SOCO, are the only two state-owned enterprises in Shangcheng District which have received an onshore rating of AAA from CSCI Pengyuan Credit Rating Co., Ltd. In addition, Fitch has assigned a corporate rating of "BBB" with a stable outlook to the Company, which is the highest issuer rating by Fitch amongst all state-owned enterprises in the Shangcheng District that currently have a public international issuer rating with Fitch as at the date of this Offering Circular.

The Group is tasked with over 50 per cent. of the construction projects designated to the four district-level state-owned enterprises in Shangcheng District. The Group is responsible for the infrastructure construction and land development projects in the regions to the south of Genshan Road where the core area of Hangzhou is located, including the governmental buildings of the Hangzhou Municipal Government and the Shangcheng District Government, the Hangzhou Station and the Wangjiang New City (望江新城) area which occupies an area of approximately 2.9 million square metres.

As a key enterprise owned by the Shangcheng District Finance Bureau, the Group's main businesses are closely related to the economic development of Shangcheng District. On behalf of the Shangcheng District Government, the Group performs important urban functions in the Shangcheng District ranging from land development, urban infrastructure, resettlement housing and supporting facilities, municipal engineering to social welfare facilities.

As at the date of this Offering Circular, the Group has over 120 ongoing and pipeline projects, including infrastructure construction, resettlement housing and land development and consolidation projects. Key projects include (i) the Southern Song Dynasty Museum project, which is one of the core projects of the Song Dynasty Cultural Inheritance Exhibition Centre showcasing the history and culture of the Song Dynasty, (ii) the Genbei New District Co-ownership Housing Project, which is a key investment project of the Shangcheng District Government, aiming to improve the housing circumstances in the local area, (iii) the Li Ning Sports Park Project, which will be a new landmark in the Shangcheng District and a demonstration project, offering sports facilities and lifestyle services and (iv) the Future Community Project, which is a key provincial urban development project expected to settle around 5,500 residents and attract over 3,800 talents.

The Group enjoys monopolistic advantages in these industries:

- ***Primary Land Development and Consolidation:*** Currently, the Group's land development projects cover the Genbei (艮北) and Pufu (普福) areas. During the Thirteenth Five-Year Plan period (2016–2020), the Group completed 33 land development projects, with a total area of transferred land of 1,761 Mu and an aggregate transfer price of approximately RMB63.4 billion. As at 31 December 2022, land plots in Jiubao (九堡), Pufu, the Cultural and Sports Centre (文體中心) and Qingchun Plaza (慶春廣場) have all been transferred and the Group had approximately transferrable land plots of a total area of approximately 510.0 Mu in the Genbei and Pufu areas. During the "Fourteenth Five-Year Plan" period (2021–2025), the Group will focus on the orderly development of newly integrated land parcels, guide the transformation and upgrading of the industries within the area and promote the development of the Wangjiang New District and the Genbei Area. The Group will also advance the resettlement plan for several primary land development and consolidation projects (including Wangnan 04, Future Communities 09 and Future Communities 04) and promote the transfer and sale of these projects. The Group will continue to implement the operation and management of real estate assets, promote the cooperative development of reserved land and make use of the cloud computing system to promote talent operation and residential apartment management.

- ***Infrastructure Construction:*** The Group is designated by the Shangcheng District Government to undertake infrastructure projects under the agent construction model. Currently, its infrastructure construction business covers the Wangjiang New City and Genbei New City regions, as well as the area to the south of Genshan Road. During the "Fourteenth Five-Year Plan" period (2021–2025), the Group will continue to operate based on the principles of "government guidance, market-oriented mechanism and company operation" and complete the infrastructure construction projects entrusted by the Shangcheng District Government. As at 31 December 2022, the Group had over 136 key projects under construction and planning, with a total investment amount of approximately RMB2,493 million. In 2022, the total investment amount of the projects undertaken by the Group represented 43.73 per cent. of the total investment amount of all projects to be undertaken by the five "1+4" district level state-owned enterprises in the Shangcheng District. The Group completed the construction of the Deshou Palace Conservation and Exhibition Project in November 2022 and the Wuchan Yunshang Industrial Park Headquarter (物產雲商總部) Project in November 2022.

- ***Resettlement Housing:*** Entrusted by the Shangcheng District Government, the Group is the core entity operation in the resettlement housing sector in Shangcheng District, in particular the Genbei and Pufu areas. In recent years, there has been a high demand for resettlement housing in Shangcheng District, contributing to the sustainability of the Group's business. During the Thirteenth Five-Year Plan period (2016–2020), the Group completed ten resettlement housing projects, with a total construction area of approximately 1.3 million square metres and involving the relocation of 7,793 households. As at 31 December 2022, the aggregate saleable area of the resettlement housing projects completed by the Group was approximately 1.23 million square metres. On the other hand, as at 31 December 2022, the Group had 6 key resettlement housing projects under construction and planning in the Wangjiang New City (望江新城) area, with an expected total investment amount of approximately RMB10.5 billion. The Group expects to continue to undertake resettlement housing projects in the Genshan Road area, one of the key pipeline projects being the Wangjiang Unit SC0404–18 Plot Resettlement Housing Project which aims at improving the residents' living environment and enhancing the comprehensive utilisation of land resources. During the "Fourteenth Five-Year Plan" period (2021–2025), the Group will continue with the construction of resettlement and public leasing houses, the redevelopment of the old shantytown areas so as to improve the living environment for the public. As at the date of this Offering Circular, the Monan 08 parcel resettlement housing projects are still under construction, and the Group has completed the construction of Jingfang and Dinghai resettlement housing projects. The Group expects to complete the construction of the talent-designated leasing property project in 2023.

Comprehensive guidance by the Shangcheng District Government with respect to the Group's operation and development

The Group is directly supervised and managed by its sole shareholder, the Shangcheng District Finance Bureau. The strong relationship between the Group and the Shangcheng District Government (including the Shangcheng District Finance Bureau) has been one of the key factors in the Group's ability to successfully carry out its businesses in various sectors. The Group receives guidance and supervision from various government bodies and benefits from its close ties with them in the following ways:

- ***Objective and Strategy Management:*** The Shangcheng District Government is responsible for approving the Company's development plans and strategies, and the Company is required to report its annual work highlights to the Shangcheng District Government. The Group's business strategies and performance goals are closely linked with the overall development plan of Shangcheng District, which enables the Group to plan its businesses and implement its strategic plans in line with the development of Shangcheng District. The Group reports its operating performance targets to the Shangcheng District Government on an annual basis, and the Shangcheng District Government monitors the Group's operational results and implements an annual assessment system.

- ***Investment and Financing Management:*** The Company submits an investment plan to the Shangcheng District Government on an annual basis. If the Company plans to undertake material financing activities, it has to obtain the approval of the Standing Committee of the Shangcheng District Committee. The Company's management regularly reports to the Shangcheng District Committee and the Shangcheng District Government regarding the implementation of the Group's major project decisions and arrangements, as well as large-scale capital operation. In terms of governmental supervision on operational and financial matters, the Shangcheng District Finance Bureau closely monitors the Group's development through reviewing the latter's budget and final accounts and monthly express reports. Fiscal funds are directly allocated to the Group by the Shangcheng District Finance Bureau.

- ***Appointment of Management Personnel:*** Members of the Company's management, including the chairman, the secretary of the Party Committee, the general manager and deputy general managers, are nominated by the Shangcheng District Government. Their appointment is then reported to the Shangcheng District Committee and the Shangcheng District Government for approval. In accordance with the Administrative Measures for the Unified Appointment of Financial Leaders of District-level State-owned Enterprises (《區屬國有企業財務負責人統一委派管理辦法》), with an aim to strengthening enterprises' capabilities in capital and operational risk control and management, the Shangcheng District Finance Bureau is responsible for appointing persons in charge of financial affairs of all district-level state-owned enterprises including the Company.

Pursuant to the Implementation Plan for Deepening Reform of District-level State-owned Enterprises (《區屬國有企業深化改革實施方案》) published by the Shangcheng District Government in September 2021, each of the Company, Shangcheng Urban Investment, Shangcheng Municipal and Shangcheng State-owned Investment is a first-class district-level state-owned enterprise at the same level as Shangcheng SOCO in terms of personnel and business management and is supervised by the Shangcheng District Government. The Shangcheng District Finance Bureau has the power to approve and supervise major matters with respect to the Group's operation. In accordance with the amended District-level State-owned Enterprises' Supervision and Management Reporting System regarding Major Matters (《區屬國有企業重大事項監督管理報告制度》), the Shangcheng District Finance Bureau implements an approval and filing system to oversee key matters such as their external investment and financing, guarantee and transfer of state-owned equity. According to the Notice on Clarifying Matters related to the Investment Relationship of District-level State-owned Enterprises (《關於明確區屬國有企業出資關係有關事項的通知》) issued by the Shangcheng District Finance Bureau, while Shangcheng SOCO is the capital contributor and shareholder of the Company, the Company's actual controller is the Shangcheng District Finance Bureau which directly supervises the Group's day-to-day operation. The Company conducts financing and capital management as an independent entity with a separate accounting and audit system. It manages and self-finances its own operations and bears operational risks.

Strong historical support from government with respect to policies, resources and finances

As a wholly-owned state-owned enterprise funded by the Shangcheng District Finance Bureau, the Group undertakes the fundamental municipal engineering construction projects within Shangcheng District. As urbanisation accelerates, the scale of the Shangcheng District Government's investment in municipal infrastructure and highway construction projects has also expanded, which has in turn provided more resources for the Group's development. For the years ended 31 December 2020, 2021 and 2022, the Group has received government subsidies in the amounts of RMB3.0 million, RMB0.5 million and RMB6.4 million, respectively, covering employment subsidies, epidemic requisition and reconstruction subsidies, social security refund and various rewards. The Group has also benefited from capital and asset injections, fiscal support, grants and project funds and other incentives from the PRC government for its business operations, including the following:

- ***Capital and Asset Injection:*** Pursuant to The Request for Instructions on the Clarification of the Purpose of Land Transfer Funds Returned by the Finance Department (Jiang Jian Si [2017] No.18) (關於要求明確區財政返還的土地出讓金用途的請示(江建司[2017]18 號)) issued by the Shangcheng District Government (then as the People's Government of Jianggan District (the "**former Jianggan District Government**")), the funds appropriated by the Finance Department to the Group for the purposes of urban construction projects are not to be returned to the government. Instead, when the relevant construction project is completed, such funds will be transferred to the Group as capital reserve. The Group has also received assets from various government bodies such as the Shangcheng District Finance Bureau, the Finance Bureau of the former Jianggan District Government, the Wangjiang Command Office and the Command Office of the former Jianggan District Government, including the transfer of Jianggan Cultural and Sports Centre and housing units in Qingchun Plaza Phase II in 2019, the transfer of 100 per cent. equity in Wanghaichao Construction and Shangcheng Comprehensive Development in 2021, as well as the injection of other assets including properties, right of use of car parks and work-in-progress projects. As at 31 December 2022, the Group has received an accumulated capital and asset injection of over RMB18.0 billion. Such capital and asset injections have enhanced the Group's strength and competitiveness.

- ***Fiscal Loans and Government Bonds:*** The Shangcheng District Finance Bureau extends fiscal loans in favour of the Group by way of transferring local government bonds to the Group. The Company signs a special bond fund payment agreement with the Shangcheng District Finance Bureau and exchanges its existing debts with local government bonds. As at 31 December 2022, the Group has accumulated fiscal loans and designated purpose government bonds in the amount of over RMB3.2 billion.

- ***Project Construction Funds and Tax Incentives:*** The Shangcheng District Finance Bureau is responsible for arranging for the allocation of various grants and specialised funds to the Group for the purposes of project construction. For the year ended 31 December 2022, the project construction funds that were received by the Group and counted towards its other payables and long-term payables exceeded RMB3.9 billion. The Group has also received various tax incentives from the Shangcheng District Government over the years. For example, the Group has received VAT credits and refunds of approximately RMB200.0 million in 2022.

- ***Rebate of Land Transfer Price:*** The Shangcheng District Finance Bureau transfers a portion of the balance of the land transfer price as land development fees directly to the Group, which is then recognised as the Group's revenue derived from its land development business. From 2018 to 2022, the Group was rebated land transfer price of over RMB17.4 billion.

Diversified financing channels to achieve lower financing costs

The Group has access to diversified financing channels to fund its business operations in the PRC, such as bank loans and issuance of debt securities including super short-term and medium term notes in the PRC. The Group maintains a long-term well-established relationship with a variety of financial institutions, including but not limited to the State Development Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China, Shanghai Pudong Development Bank, Bank of Beijing, Industrial Bank, Bank of Hangzhou and Hangzhou United Bank. As at 31 December 2022, the Group had total credit facilities of approximately RMB46.6 billion, of which approximately RMB28.0 billion had not been utilised.

The Group has a reasonable debt financing structure. Its interest-bearing liabilities mainly comprises bank loans, bonds, fiscal loans and direct financing. As at 31 December 2022, the Group's interest-bearing liabilities due in 2023, 2024 and 2025 amounted to RMB6.0 billion, RMB1.9 billion and RMB0.9 billion, respectively, and RMB18.5 billion of its interest-bearing liabilities were expected to be due in 2026 or beyond.

The Group has been a frequent issuer of debt securities in the onshore and offshore capital markets. As at 31 December 2022, the outstanding principal amounts of the Group's onshore bonds and offshore bonds were RMB4.2 billion and U.S.$0.7 billion, respectively, and the Group has an unissued bond quota of around RMB6.2 billion. In terms of indebtedness incurred by the Group up until 31 December 2022, the following debt securities remain outstanding as at the date of this Offering Circular:

- in 2022, the Company issued offshore bonds due 2023 in the principal amount of U.S.$300 million;

- in 2020, Shangcheng Comprehensive Development issued offshore bonds due 2023 in the principal amount of U.S.$200 million;

- in 2020, Shangcheng Comprehensive Development issued onshore bonds due 2027 in the principal amount of RMB200 million;

- in 2021, Shangcheng Comprehensive Development issued offshore bonds due 2024 in the principal amount of U.S.$200 million;

- in 2020, Wanghaichao Construction issued onshore bonds due 2027 in the principal amount of RMB1,500 million;
- in 2021, Wanghaichao Construction issued onshore bonds due 2028 in the principal amount of RMB 800 million;
- in 2021, Wanghaichao Construction issued onshore bonds due 2028 in the principal amount of RMB700 million;
- in 2021, Wanghaichao Construction issued onshore bonds due 2026 in the principal amount of RMB700 million; and
- in 2022, Wanghaichao Construction issued onshore bonds due 2025 in the principal amount of RMB 310 million.

The Group's strong fund-raising capabilities provide adequate funding sources to support its projects and business operations. The Group believes that its diversified financing channels and strong fund-raising capabilities can effectively reduce financing costs and enable it to achieve long-term sustainable growth.

Experienced and efficient management team with sound corporate governance system and comprehensive risk control system

The Group's senior management and key operating personnel have on average more than ten years of experience in the Group's business sectors. Furthermore, the Group's senior management team is highly experienced in collaborating with the Shangcheng District Government in projects which are of strategic value to the Group. They are well-educated with substantial experience working in important positions in government departments and other state-owned enterprises. Their understanding of the regulatory framework and government policies applicable to the Group's business allows the Group to play a significant role in the development of its business. For further information, see "*Directors, Supervisors and Management of the Company*".

The Group has established a scientific and effective corporate governance structure which is in line with its actual circumstances and the relevant laws, regulations, normative documents and provisions, including the Company Law of the PRC, the Interim Measures for Enterprise State-owned Capital and Financial Management (《企業國有資本與財務管理暫行辦法》) and the Opinion on Further Promoting the Implementation of the Three Major and One Big Decision-making System by State-owned Enterprises (《關於進一步推進國有企業貫徹落實三重一大決策制度的意見》). It ensures that the daily business activities of the Company and other members of the Group are carried out in a well-organised and rule-based manner. The soundness of the Company's corporate governance structure is attributable to the following features:

- ***Complete Control Systems:*** The Company has established internal control systems and protocols to regulate various matters of its operations, including the decision-making process for important decisions (dubbed "Three Major and One Big" matters), financial management, internal audit, budget, payment of funds and reimbursement for expenses, funding and credit matters, acquisition and disposal of fixed assets and external guarantees.
- ***All-round Budget Management:*** The Group implements a comprehensive budget management system which supervises each member's business operations, investment and other activities. The implementation of the Group's budget plans is closely monitored and analysed and special attention is paid to the financial status and performance indicators of the Group as a whole as well as with respect to each of its business segments, so as to ensure the fulfillment of the key performance indicators in the Group's annual budget.

- ***Prudent Use of Funds:*** With an aim to improving economic efficiency and operating results, the Group has formulated the Financial Management System (《財務管理制度》) to manage its capital and costs, while taking into account the Group's corporate and social responsibilities. The Group strictly monitors its audit process and effectively controls its operational risks, and also adopts centralised management over the funds of its subsidiaries. At the same time, it strives to improve its capital efficiency and implement a scientific corporate management system.

- ***Strict Guarantee Approval System:*** Following the principles of legality, prudence, mutual benefit and safety, the Group strictly controls its guarantee risks by way of imposing approval limits according to different levels of authority. Without prior approval, the Group (including individual functional departments, subsidiaries at all levels and branches) are not allowed to provide external or intragroup guarantees. The Group's guarantee activities are either approved by its management according to the protocol for determining "Three Major and One Big" matters, or reported to and approved by competent authorities according to the Interim Measures for the Supervision and Administration of Fund Credit of Hangzhou Municipal Enterprises (for Trial Implementation) (《杭州市市屬企業資金信用監督管理暫行辦法(試行)》) and the Reporting System for Supervision and Management of Major Events of State-owned Enterprises in Shangcheng District (《上城區區屬國有企業重大事項監督管理報告製度》).

- ***Effective Supervision and Checks:*** The Group, through its internal audit and accounting departments, controls and manages all aspects of the operations and funding activities of its subsidiaries, thus being able to identify issues in a timely manner and take immediate measures to rectify and prevent risks. The Municipal Party Committee regularly inspects the Group and conducts special audits. The Shangcheng District Finance Bureau assigns officers to monitor the improvement of the Group's internal controls and managements, ensuring that its operations and funding activities are conducted in compliance with the relevant rules and regulations.

STRATEGIES

Serving and improving the living standards of the people of Shangcheng District and becoming a market-orientated evergreen enterprise with a healthy and sustainable future

The Group strives to become a modern, comprehensive urban solutions provider by adhering to its principle of "establishing clear property rights, delineating rights and responsibilities, acting with honesty and efficiency, and scientifically driven management". The Group will combine the urban construction and development needs of Shangcheng District with its regional resources in furthering its financing, construction and operation capabilities in order to redevelop the region and improve the standard of living of the people of Shangcheng District.

The Group aims to become an evergreen and market-orientated enterprise with a healthy and sustainable future by improving on its internal economic efficiency and focusing on its principal businesses while also diversifying its business development plan.

The Group will adhere to the following strategies in the next five years:

- *Promoting the high-quality construction of and development of core projects*. The Group will strictly focus on the orderly development, transformation, upgrading and construction of high-quality projects of Shangcheng District, such as the Wangjiang New City Project (望江新城項目) and the Genbei Hub City Project (樞紐新城艮北區塊項目).

- *Completing the comprehensive resettlement key communities.* The Group will actively carry out the comprehensive relocation and resettlement works for the Wangjiang (望江), Jingfang (景芳), Dinghai

(定海), and Genbei (艮北) areas and the five communities surrounding the Hangzhou Xiaoshan International Airport.

- *Integrating high-quality, innovation and governance*. With the help of digital technology, the Group will establish its branding as a company that is deeply ingrained in Shangcheng District. It will expand its business operations and transform itself into an urban development entity that integrates industrial production, innovation, service and governance.

DESCRIPTION OF THE GROUP'S BUSINESS

The following tables provide a breakdown of the operating revenue, operating costs and gross profit margin of the Group's business segments for the years ended 31 December 2020, 2021 and 2022.

	For the year ended 31 December											
	2020				2021				2022			
	Operating revenue	Operating cost	Gross profit margin	% of total operating revenue	Operating revenue	Operating cost	Gross profit margin	% of total operating revenue	Operating revenue	Operating cost	Gross profit margin	% of total operating revenue
	(RMB'000)	*(RMB'000)*	*(%)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(%)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(%)*
Business segment												
Primary Land Development and Consolidation(1)	3,255,829.1	2,161,872.0	33.6	92.7	1,330,157.4	426,721.2	67.9	49.9	3,932,123.6	1,691,623.2	56.98	74.89
Urban Infrastructure Construction and Operation(1)	—	—	—	—	14,225.2	4,738.0	66.7	0.5	30,089.9	4,276.6	85.79	0.57
Resettlement Housing Construction and Sale(1)	28,331.6	20,106.6	29.0	0.8	1,028,574.4	642,228.2	37.6	38.5	701,170.6	416,958.1	40.53	13.35
Security Services(2)	127,260.0	108,994.8	14.4	3.7	29,593.0	7,746.7	73.8	1.1	28,123.3	17,904.2	36.34	0.54
Commodity Sales and Other Businesses(3)	99,789.3	64,388.3	35.5	2.8	265,637.3	225,755.4	15.0	10.0	559,194.8	524,122.3	6.27	10.65
Total	3,511,210.0	2,355,361.7	—	100.0	2,668,187.3	1,307,189.4	—	100.0	5,250,702.2	2,654,884.4	—	100.00

Notes:

(1) The primary land development and consolidation, urban infrastructure construction and operation and the resettlement housing construction and sale businesses were primarily conducted by Wanghaichao Construction and Shangcheng Comprehensive Development in 2020, which became the subsidiaries of the Company in October 2021. See "— *Description of the Group's Business — Establishment of the Company*" for further details. The Group did not record any income for its urban infrastructure construction and operation business in 2020 due to the alteration of functions and duties undertaken by Wanghaichao Construction. See "— *Description of the Group's Business —Urban Infrastructure Construction and Operation*" for further details.

(2) Since February 2022, the Group ceased to operate its security service business. See "*Description of the Group —— Security Service Business*" for more information.

(3) Other businesses include sale of parking spaces, property leasing, lending, parking lot and, supply chain businesses and other businesses.

Primary Land Development and Consolidation

Primary land development and consolidation generally refers to the process of preparing the land for the purposes of public tender, auction and listing-for-sale, and typically involves relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and installing basic infrastructure for future property development.

The Group conducts its primary land development and consolidation business primarily through its wholly-owned subsidiaries, Wanghaichao Construction and Shangcheng Comprehensive Development. However, with the gradual completion of the land consolidation work in the Wangjiang Area (望江新城區塊), Wanghaichao Construction has been designated mainly as an infrastructure construction entity and its income was no longer recognised as from primary land development and consolidation business after 2021. The Group focuses its primary land development and consolidation projects in the Genbei (艮北) and Pufu (普福) areas in the Shangcheng District as authorised by the Shangcheng District Government and will continue to expand its businesses to the area south of Genshan Road. As at 31 December 2022, the Group planned to transfer around 384 Mu of land and the Shangcheng District planned to transfer around 861 Mu of land for 2023 and beyond. For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue generated from its primary land development and consolidation business amounted to RMB3,255.8 million, RMB1,330.2 million and RMB3,932.1 million, respectively, representing approximately 92.7 per cent., 49.9 per cent. and 74.9 per cent. of the Group's total revenue for the corresponding periods.

Business Model

The Group carries out its primary land development and consolidation projects under the primary land development cooperation agreement (the "**Cooperation Agreement**") entered into between Shangcheng Comprehensive Development and the Hangzhou Land Reserve Centre and the fee payment agreement (the "**Payment Agreement**") entered into between Shangcheng Comprehensive Development, Hangzhou Land Reserve Centre and the Shangcheng District Finance Bureau. According to the Cooperation Agreement, the Group is responsible for land clearance, demolition of buildings, landscaping, land maintenance, resident relocations and other supporting construction activities that transform the land into a condition ready for future land development. The Group enjoys the highest transfer and property sale price in Hangzhou City.

Upon completion of the development of a parcel of land, the Group submits the land to the Hangzhou Land Reserve Centre for inspection and transfer together with the amount of the land development costs for review and approval. The Group's land development costs incurred mainly comprises (i) construction expenses for designing, maintenance and construction works for electricity, water, transportation, telecommunication, sewage, gas and heat networks and (ii) compensation expenses in relation to land acquisition, building demolition and relocation of residents. The Group funds its primary land development and consolidation projects primarily through self-financing methods and government special funds.

After approving the amount of land development cost submitted by the Group and upon transfer of the relevant land parcel, the Hangzhou Land Reserve Centre will arrange for the payment of the land development fees to the Group through the Shangcheng District Finance Bureau in accordance with the settlement agreement entered into between the Group, the Shangcheng District Finance Bureau and the Hangzhou Land Reserve Centre. Typically, the land development fees amount to around 45 per cent. of the land transfer fees.

Project Description

The Group focuses its primary land development and consolidation projects in several blocks in the Shangcheng District, including the Genbei (艮北區塊) and Pufu (普福區塊) areas. During the Thirteenth Five-Year Plan period (2016–2020), the Group completed 33 land development projects, with a total area of transferred land of 1,761 Mu and an aggregate transfer price of approximately RMB63.4 billion. From 2020 to 2022, the Group developed land parcels with a total area of approximately 372 Mu with a total transfer amount of approximately RMB14.4 billion and a recognised income of approximately RMB6.4 billion, among which, in 2022, the Group developed land parcels with a total area of approximately 229 Mu with a recognised income of approximately RMB3.9 billion. As at 31 December 2022, land plots in Jiubao (九堡), Pufu, the Cultural and Sports Centre (文體中心) and Qingchun Plaza (慶春廣場) had all been transferred and the Group had approximately transferrable land plots of a total area of approximately 510 Mu in the Genbei and Pufu areas.

The table below sets forth the development status of the main areas that the Group focused on as at 31 December 2022.

Areas	**Area Transferred**	**Value of the Area Transferred**
	(Mu)	*(RMB billion)*
Wangjiang Area 望江新城區塊	282	13.40
Genbei Area 艮北區塊	510	11.87

Areas	Area Transferred	Value of the Area Transferred
	(Mu)	*(RMB billion)*
Pufu Area 普福區塊	0	0.00
Total	792	25.27

The table below sets forth details of the Group's costs recognised and operating revenue generated from its primary land development and consolidation business for the years ended 31 December 2020, 2021 and 2022.

Year	Project	Undertaking Entity	Purpose of the Land	Area Transferred	Costs Recognised	Revenue Recognised
				(Mu)	*(RMB million)*	*(RMB million)*
2020	Wangjiang Unit SC0402-R21-08 Parcel 望江單元 SC0402-R21-08 地塊	Wanghaichao Construction	Residential	63.8	893.0	1,060.0
	Wangjiang Unit Shanty Town Reformation Block 望江單元棚戶區改造地塊	Wanghaichao Construction	Residential, Commercial	99.2	927.0	1,100.0
	Niutian Unit R-06 Parcel 牛田單元 R21-06 地塊	Shangcheng Comprehensive Development	Residential	44.9	208.0	802.0
	Niutian Unit C2/R21-01 Parcel 牛田單元 C2/R21-01 地塊	Shangcheng Comprehensive Development	Residential, Commercial	21.6	100.0	260.0
	Pufu JG1501-25 Parcel 普福 JG1501-25 地塊	Shangcheng Comprehensive Development	Commercial	9.7	34.0	34.0
2021	Niutian Unit R21-19 Parcel 牛田單元 R21-19 地塊	Shangcheng Comprehensive Development	Residential	67.0	427.0	1,330.0
2022	Niutian Unit R21-11 Parcel 牛田單元 R21-11 地塊	Shangcheng Comprehensive Development	Residential	91.7	638.0	1,475.0
	Niutian Unit R21-12 Parcel 牛田單元 R21-12 地塊	Shangcheng Comprehensive Development	Residential	101.9	809.0	1,876.0
	Niutian Unit R21-14 Parcel 牛田單元 R21-14 地塊	Shangcheng Comprehensive Development	Residential	35.3	245.0	581.0

The table below sets forth details of the Group's project pipelines for land transfer in 2023:

Project	Responsible Entity	Area to be Transferred
		(Mu)
Niutian Unit C2-06 Parcel 牛田單元 C2-06 地塊	Shangcheng Comprehensive Development	20.00
Niutian Unit B1/B2/U21-07 Parcel 牛田單元 B1/B2/U21-07 地塊	Shangcheng Comprehensive Development	48.45

Project	Responsible Entity	Area to be Transferred
		(Mu)
Niutian Unit C6/C2-01 Parcel (Parcel at Jiuhe Road Metro Station) 牛田單元 C6/C2-01 地塊（九和路地鐵站地塊）	Shangcheng Comprehensive Development	41.80
Niutian Unit JG1605-B1/B2-28 Parcel 牛田單元 JG1605-B1/B2-28 地塊	Shangcheng Comprehensive Development	51.00
Niutian Unit R21-08 Parcel 牛田單元 R21-08 地塊	Shangcheng Comprehensive Development	64.48
Niutian Unit R21-09 Parcel 牛田單元 R21-09 地塊	Shangcheng Comprehensive Development	59.09
Wangjiang Unit SC0402-R21/B/S2-07 Parcel, SC0402-B1/B2/S2/S41/S42-17 Parcel, SC0401-R21/B/S2-09 Parcel (Haixi X Parcel, Haixi XI Parcel, Monan Phase II Parcel) (Alternate) 望江單元 SC0402-R21/B/S2-07, SC0402-B1/B2/S2/S41/S42-17, SC0401-R21/B/S2-09 地塊（海西 10、11、莫南二期地塊）（候補）	Wanghaichao Construction	98.85
Total		383.67

The table below sets forth the Group's key primary land development and consolidation projects under construction as at 31 December 2022.

Project	Undertaking Entity	Entrusting Party	Current Invested Amount	Construction Period	Area Transfer Plan
			(RMB billion)	*(Year)*	
Niutian Unit C6/C2-01 Parcel 牛田單元 C6/C2-01 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.29	2009-2022	Within three years after completion
Niutian Unit C2-06 Parcel 牛田單元 C2-06 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.43	2009-2024	Within three years after completion
Niutian Unit C2-10 Parcel 牛田單元 C2-10 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.17	2009-2024	Within three years after completion
Niutian Unit C2-09 Parcel 牛田單元 C2-09 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.20	2009-2024	Within three years after completion
Niutian Unit C2-08 Parcel 牛田單元 C2-08 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.20	2009-2023	Within three years after completion
Niutian Unit R21-08 Parcel 牛田單元 R21-08 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.44	2009-2025	Within three years after completion
Niutian Unit R21-09 Parcel 牛田單元 R21-09 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.41	2009-2025	Within three years after completion
Niutian Unit R21-20 Parcel 牛田單元 R21-20 地塊	Shangcheng Comprehensive Development	Shangcheng District Finance Bureau	0.38	2009-2025	Within three years after completion
Total			2.53		

Urban Infrastructure Construction and Operation

The Group conducts its urban infrastructure construction and operation business primarily through Wanghaichao Construction. As the most important platform via which the Shangcheng District conducts infrastructure construction in the Shangcheng District, the Group undertakes construction management of a number of key infrastructure projects in the Shangcheng District on an agency construction basis, focusing on Wangjiang New District, Genbei New District and the area south of Genshan Road. For the years ended 31 December 2020, 2021 and 2022, the operating income generated from the Group's urban infrastructure construction and operation business amounted to nil, RMB14.2 million and RMB30.1 million, respectively, representing approximately nil per cent., 0.5 per cent. and 0.6 per cent. of the Group's total revenue for the corresponding periods. The Group did not record any income for its urban infrastructure construction and operation business in 2020 due to the alteration of functions and duties undertaken by Wanghaichao Construction. Prior to 2021, Wanghaichao Construction was mainly responsible for land development and consolidation, as such, the income generated by Wanhaichao Construction was recognised mostly as income generated from the primary land development and consolidation business. After 2021, Wanghaichao Construction was designated mainly as an infrastructure construction entity and its income would be recognised as from urban infrastructure construction and operation business instead.

Business Model

The Group's urban infrastructure construction and operation business generally operates on an agency basis. Pursuant to the entrusted construction agreement entered into between the Group, the Shangcheng District Government and the Wangjiang Command Office, the Group is appointed by the Shangcheng District Government to carry out the construction, operation and management of various key infrastructure projects while the Wangjiang Command Office is responsible for securing the financing for the projects and allocating the funds as necessary. In practice, if the funding provided by the Wangjiang Command Office is insufficient to cover the project costs, the Group can utilise its own funds to settle such costs in advance.

For each infrastructure construction project undertaken by the Group, the Wangjiang Command Office will typically pay to the Group an annual agency construction fee of around 6.0 per cent. of the total project costs incurred by the Group for that year.

Project Description

As at 31 December 2022, the Group had 110 projects under construction or planning, with a total investment of approximately RMB25.2 billion. The following table sets forth the Group's key infrastructure construction projects under construction as at 31 December 2022:

No.	Project Name	Constructi on Period	Planned Total Investment Amount	Current Invested Amount
		(Year)	*(RMB million)*	*(RMB million)*
1.	Wangjiang Unit SC0402-R21/B-06 Parcel 望江單元 SC0402-R21/B-06 地塊	2017-2023	2,661.0	1524.0
2.	Shisanwan Old Town Area Redevelopment Project 十三灣巷周邊地區舊城區改建專案	2017-2023	723.0	527.0
3.	Wangjiang Unit SC0403-R21/R22/A2/A4-04 Parcel Residential Area Relocation Project 望江單元 SC0403-R21/R22/A2/A4-04 地塊農轉非居民拆遷安置房(含城市居民)專案	2018-2022	1,357.0	581.0
4.	Hangzhou Song Dynasty Imperial City Ruin Cultural Centre Project 杭州南宋皇城遺址文化中心項目	2019-2024	991.0	287.0

No.	Project Name	Construction Period	Planned Total Investment Amount	Current Invested Amount
		(Year)	*(RMB million)*	*(RMB million)*
5.	Wangjiang Unit SC0402-R22/A1/A51/A6-15 Parcel Neighbouring Centre Project 望江單位 SC0402-R22/A1/A51/A6-15 地塊鄰里中心項目	2017-2023	401.0	89.0
6.	Wangjiang Unit Kaixuan Road Phase 5 (Wujiang Road — Ganwang Road) Road Construction Project 望江單元凱旋路五期(婺江路 — 甘王路)道路工程項目............................	2021-2024	19.0	17.0
7.	Nanxing Jiaer Alley Old Town Redevelopment Project 南興加兒巷舊城區改建項目	2021-2024	1,365.0	43.0
8.	South Bus Station Temporary Transition Site Temporary Station Building Project 汽車南站臨時過度網站臨時站房工程	2017-2025	5.0	38.0
9.	Wangjiang Unit SC0402-G1/S42-24 望江單元 SC0402-G1/S42-24	2021-2023	330.0	24.0
10.	Wangjiang Area (Wangjiang New Garden) Redevelopment and Reform Project 望江地區（望江新園）外立面改造提升工程..	2021-2023	265.0	33.9
11.	Wangjiang Unit SC0401-G1/S42-44 Greening and Parking Project 望江單位 SC0401-G1/S42-44 地塊綠化及社會地下停車庫工程................	2021-2023	60.0	2.0
	Total		8177.0	3166.0

Other than the above, the Group's key ongoing infrastructure construction projects as at 31 December 2022 also include Genbei New Area Unit A33-18 Parcel No. 36 Primary School Project, Kaixuan Road Phase Six and Southern Song Dynasty Museum (Phase One) and Wangjiang Unit SC0401-A33-18/Parcel 18 Primary School Construction Project, with a total investment amount of approximately RMB590.0 million, RMB480.0 million, RMB490.0 million and RMB510.0 million, respectively. Deshou Palace Conservation and Exhibition Project, one of the key projects during the Fourteenth Five-Year Plan Period, has been completed and opened to the public in November 2022, which has been an icon of Southern Song Dynasty culture.

The Group also engages in urban development and renovation projects, undertaking, constructing or developing roads, canals, urban greening, parking lot, traffic improvement, community renovation, residential apartment building, buildings for Asian Games and demolishment of illegal buildings. Key projects that the Group engages in include: Wangjiang Park Renovation Project, Moyetang Village Renovation Project, Xintang Branch Road (Xintang-Hongjian Road) Construction Project, Genbei New Area Unit R22-10 Kindergarten Project, Harbour No.5 (Harbour No.7 — Genshan East Road) Canal Project, Genbei New District Unit R22-05 Community Health Service Centre and Genbei New Block Unit R24-01 Greening Project.

Resettlement Housing Construction and Sale

The Group's resettlement housing construction and sale business involves the construction of apartment buildings intended to be sold to persons whose current residents have been designated for demolition. The Group is the key entity authorised by the Shangcheng District Government to take charge of the resettlement housing construction and sale in the Shangcheng District, including Genbei and Pufu areas, in accordance with the plans of the Shangcheng District. The Group conducts its resettlement housing construction business segment primarily through Wanghaichao Construction and Shangcheng Comprehensive Development.

For the years ended 31 December 2020, 2021 and 2022, the operating income generated from the Group's resettlement housing construction business amounted to RMB28.3 million, RMB1,028.6 million and

RMB701.2 million, respectively, representing approximately 0.8 per cent., 38.5 per cent. and 13.4 per cent. of the Group's total revenue for the corresponding periods.

Business Model

The Group carries out its resettlement housing construction and sale business through an agency model. Under the agency model, the Group typically entered into a framework agreement with the Shangcheng District Government under which the Group is responsible for (i) pre-construction inspection and preliminary design of the resettlement housing, (ii) obtaining the relevant approvals and certificates for the project, (iii) overseeing the overall design, construction and evaluation of the project, (iv) selecting project companies through a public tender process, signing and relevant construction contract, and (v) making construction plans and supervising the contractors. The financing of the resettlement housing projects is arranged by the Shangcheng District Government through special funds and the Shangcheng District Government is responsible for allocating the funds according to the project construction plan. The Group receives a portion of such government funding at the initial stage of the project and the remaining portion after the completion and the inspection of the project.

Upon the completion of construction and inspection, the apartments will be allocated to designated residents according to the relevant resettlement plans and if there are any apartments left, they will be sold at a discounted price (70 per cent. of the market price) to other entities with resettlement housing needs. The parking area can be sold to the public at market price.

Project Description

During the "Thirteenth Five-Year Plan" period (2016–2020), the Group completed ten resettlement housing construction projects with a total construction area of approximately 1.3 million square metres and resettled 7,793 households. The Group also completed nine school projects with a total floor area of 160,000 square meters and 21 public infrastructure projects with a total floor area of 260,000 square meters, which were ancillary projects to the resettlement housing construction projects completed during the period. As at 31 December 2022, the total saleable area of the Group's key completed resettlement housing projects amounted to 1.2 million square metres, with approximately 1.0 million square metres sold, generating approximately RMB4.3 billion recognised income. As at 31 December 2022, the Group had around 6 ongoing or proposed key resettlement projects in the Wangjiang New City (望江新城) area, with a total investment plan of over RMB10.5 billion and a total invested amount of over RMB4.7 billion. The total saleable area of the projects undertaken by the Group as at 31 December 2022 was over 1.02 million square metres.

The table below sets forth the Group's completed resettlement housing projects as at 31 December 2022.

Project name	**Sellable Area**	**Area Sold**	**Average Price**	**Income Recognised**
	(square metres)	*(square metres)*	*(RMB million per 10,000 square metres)*	*(RMB million)*
Wujiang House No.1 婺江家園一園	87,000.0	76,600.0	36.0	279.0
Wujiang Housing No.3 婺江家園三園	91,200.0	68,300.0	35.0	241.0
Jinjiang Housing No.4–9 近江家園四–九園	322,500.0	322,500.0	26.0	1,981.0(1)
Wangjiang Housing Phase 1 望江家園一期	300,500.0	300,500.0	26.0	

Project name	Sellable Area	Area Sold	Average Price	Income Recognised
	(square metres)	*(square metres)*	*(RMB million per 10,000 square metres)*	*(RMB million)*
Wangjiang Housing Phase 2 望江家園二期	153,800.0	153,800.0	26.0	
Wujiang Housing No.4 婺江家園四園	15,600.0	11,600.0	76.0	88.0
Haichao Yayuan No.1 海潮雅園一園	87,500.0	20,600.0	177.0	364.0
Qingjiang Mingchao Garden 清江名潮院	21,700.0	16,200.0	295.0	478.0
Haichao Yayuan No.2 海潮雅園二園	149,500.0	28,400.0	289.0	821.0

Note:

(1) This amount represents the sum of income recognised for Jinjiang Housing No.4–9, Wangjiang Housing Phase 1 and Wangjiang Housing Phase 2 as at 31 December 2022.

The table below sets forth the Group's key resettlement housing projects under construction as at 31 December 2022.

Project name	Planned Total Investment Amount
	(RMB billion)
Wangjiang Unit SC0403-R21-03 Parcel Urban Resident Resettlement Housing Project 望江單元 SC0403-R21-03 地塊城市居民拆遷安置房	2.03
Wangjiang Unit SC0404-R21-04 Parcel Rural-non-Rural Resident Resettlement Housing Project 望江單元 SC0404-R21-04 地塊農轉非居民拆遷安置房	0.68
Shibanqiao Future Community SC0403-R21/R22/A2/A4-04 Parcel Rural-non-Rural Resident Resettlement Housing Project 始版橋未來社區 SC0403-R21/R22/A2/A4-04 地塊農轉非居民拆遷安置房	1.36
Shibanqiao Future Community SC0402-R21/R22-06 Parcel Rural-non-Rural Resident Resettlement Housing Project 始版橋未來社區 SC0402-R21/R22-06 地塊農轉非居民拆遷安置房	2.66
Wangjiang Unit SC0401-08 Parcel Resettlement Project 望江單元 SC0401-08 地塊安置房項目	4.05
Hang Zheng Chu Chu (2018) No.8 Parcel Talent Leasing Property 杭政儲出(2018)8 號地塊人才專項租賃住房	0.86
Hang Zheng Chu Chu (2019) No.87 Commercial Property 杭政儲出(2019)87 號地塊商業商務用房	0.34

Security Service Business

Prior to the Jianggan Security Service Transfer, the Group was engaged in the security service business through its then wholly-owned subsidiary Jianggan Security Service. Following the Jianggan Security Service Transfer, the Group has ceased to operate its security service business and the business registration of the transfer was completed in July 2022. For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue generated from its security service business amounted to RMB127.3 million, RMB295.9 million and RMB28.1 million, respectively, representing approximately 3.6 per cent., 1.1 per cent. and 0.5 per cent. of the Group's total revenue for the corresponding periods.

Under the Group's security service business, Jianggan Security Service provided various security services to its clients, including monitoring, fire prevention, anti-theft, integrated wiring and audio-visual market development. Jianggan Security Service has installed security system facilities to more than a hundred companies over the years, including the former Jianggan District Government and the Jianggan District Detention Centre.

Commodity Sales and Other Businesses

The Group is also engaged in other ancillary businesses, including commodity sale, sale of parking spaces, property leasing, lending, parking lot and supply chain businesses. The sale of parking spaces is undertaken by Wanghaichao Construction. It is an ancillary business to the resettlement housing construction and sale business. The commodity sale is undertaken by Hangzhou Jiangxin Trading Co., Ltd., which primarily engages in this type of sales businesses. Hangzhou Qiyu is primarily engaged in the supply chain businesses. See "*Description of the Group — Recent Developments —Entering into Supply Chain Businesses*".

For the years ended 31 December 2020, 2021 and 2022, the operating income generated from the Group's commodity sales and other businesses amounted to RMB227.0 million, RMB295.2 million and RMB587.3 million, respectively, representing approximately 6.5 per cent., 11.1 per cent. and 11.2 per cent. of the Group's total revenue, respectively.

During the "Fourteenth Five-Year Plan" period (2021–2025), the Group will: (i) with the help of digital empowerment, establish a brand image integrating the production and city construction (產城一體), expand the business of state-owned enterprises in the region and create an urban renewal organism integrating industry, innovation, service and governance; (ii) accelerate quality improvement and transformation, build a modern enterprise system, strengthen self-improvement and enhance competitiveness through ISO certification and the construction of digital performance management system, etc. and (iii) establish a city branding, with professional operation capabilities as the core and financial capital as the support, innovate the development model, attract tourists and form regional competitiveness.

QUALITY, SAFETY AND ENVIRONMENTAL PROTECTION

The Group imposes safety and anti-pollution measures at all stages of its operational process to minimise the possibility of work-related accidents, injuries, occupational illness and environmental contamination. The Group also monitors the safety and environmental protection aspects of its contractors' operations. In addition, the Group provides safety trainings to its employees and has established safety standards for its contractors in relation to matters such as purchasing, installing and operating new equipment, constructing new facilities and improving existing facilities. The Group believes that its safety control systems and environmental protection systems are adequate to comply with applicable national and local regulations. As at the date of this Offering Circular, the Group is not aware of any claims or penalties associated with any material breach of or noncompliance with any safety or environmental laws and regulations.

EMPLOYEES

As at 31 December 2022, the Group had approximately 140 employees. In accordance with the applicable regulations of local governments of the region in which the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund in accordance with applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in accordance with applicable laws and practice customary in the industry. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

The Group is from time to time involved in disputes, legal proceedings and administrative penalties arising in the ordinary course of its business. To the best of its knowledge, there are no currently existing or pending litigation or arbitration proceedings against the Group or any of its directors or senior management as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND MANAGEMENT OF THE COMPANY

DIRECTORS

As at the date of this Offering Circular, the board of directors (the "**Board of Directors**") of the Company comprises of eight members including a Chairman.

The table below sets forth information regarding the members of the Board of Directors of the Company as at the date of this Offering Circular.

Name	Age	Position
Wang Yong (王勇)	50	Chairman of the Board of Directors
Yao Chunyu (姚春宇)	46	Director, General Manager
Zhou Zhibin (周志斌)	59	Director, District-level Cadre (區級正職幹部), Chairman of the Labour Union
Chen Gaoyan (陳高岩)....................	48	Director, Deputy General Manager
Li Feng (李鋒)	44	Director, Deputy General Manager
Zhou Bin (周斌)	46	Director, Deputy General Manager
Zhang Kebiao (章科彪)	41	Director, Deputy General Manager
Hu Ying (胡穎)	41	Director, Head of Finance, Assistant to General Manager

Mr. Wang Yong (王勇), aged 50, has been the Chairman of the Board of Directors of the Company since its establishment in October 2021. Mr. Wang previously served as the chief of the Integrated Planning Section of the Construction Bureau of Hangzhou Binjiang District (杭州市濱江區建設局計劃綜合科), the chief of the Engineering Construction Section of the Construction Bureau of Hangzhou High-Tech Development Zone (Binjiang) (杭州市高新開發區（濱江）建設局工程建設科), the deputy chief and a member of the Party Committee (黨委委員) of the Construction Bureau of Hangzhou Jianggan District (杭州市江幹區建設局), the deputy chief and a member of the Party Committee of the Housing and Urban-rural Development Bureau of Hangzhou Jianggan District (杭州市江幹區住房和城鄉建設局), deputy secretary of the Leading Party Members Groups (黨組副書記) and the chief of the Rural Housing Construction Management Centre (Demolition and Relocation Office) of Hangzhou Jianggan District (杭州市江幹區農居建設管理中心(拆遷安置辦)) and the second-level researcher of the Housing and Urban-rural Development Bureau of Hangzhou Jianggan District (杭州市江幹區住房和城鄉建設局). Mr. Wang holds a bachelor's degree.

Mr. Yao Chunyu (姚春宇), aged 46, has been the director and general manager of the Company since December 2022. Mr. Yao previously served as the deputy general manager of the Company, the deputy general manager and chief of the Financial Audit Department of Hangzhou Urban Land Development Company (杭州市城市土地發展公司), the chief of the Comprehensive Demolition Management Section of Hangzhou Land Acquisition and Demolition Office (杭州市征地拆遷辦公室綜合拆遷管理科), the director of Wanghaichao Construction. Mr. Yao holds a bachelor's degree.

Mr. Zhou Zhibin (周志斌), aged 59, has been the director of the Company since December 2022. Mr. Zhou also currently served as the district-level cadre (區級正職幹部) and the chairman of the Group's labour union. Mr. Zhou previously served as the chief of the Engineering Technology Department of Shanghai Railway

Bureau Hangzhou Railway Branch Real Estate Development Company (上海鐵路局杭州鐵路分局房地產開發公司), the chief of the Engineering Technology Department of Zhejiang Tianlu Real Estate Development Company (浙江天廬房地產開發公司), the chief engineer and deputy general manager of Hangzhou Urban Land Development Co., Ltd. (杭州市城市土地發展有限公司), the deputy general manager of Hangzhou Communications Land Development Co., Ltd. (杭州交通土地開發有限公司), the deputy secretary of the Joint Committee for the Reconstruction and Construction of Hangzhou Shangcheng District Wangjiang New Town (杭州市上城區望江新城改造建設聯合委員會), and the director and general manager of Wanghaichao Construction. Mr. Zhou holds a master's degree.

Mr. Chen Gaoyan (陳高岩), aged 48, has been the director and deputy general manager of the Company since its establishment in October 2021. Mr. Chen previously served as the deputy head of the Daguan Gongchenqiao Housing Management Unit of Hangzhou Gongshu District Real Estate Administration Bureau (杭州市拱墅區房地產管理局大關拱宸橋房管站), the manager of the Real Estate Management Department, manager of the Renovation Project Management Department and economist of Hangzhou Directly Managed Public Housing Operation Co., Ltd. (杭州市直管公房經營有限公司), the economist of Hangzhou Rental Housing Construction Management Centre (杭州市租賃房建設管理中心), the chief, assistant and senior economist of the Comprehensive Management Department of Hangzhou Housing Security Office (杭州市住房保障辦公室), the assistant to general manager and chief of the Real Estate Department of Hangzhou Shangcheng District Investment Holding Group Co., Ltd. (杭州市上城區投資控股集團有限公司) and the director of Wanghaichao Construction. Mr. Chen holds a master's degree.

Mr. Li Feng (李鋒), aged 44, has been the director and deputy general manager of the Company since its establishment in October 2021. Mr. Li previously served as the office manager of the Hangzhou Jianggan Science, Technology and Economic Park Management Committee (杭州江幹科技經濟園管理委員會), chief of the Planning and Construction Department of the Hangzhou Jianggan District Science, Technology and Economic Park Development and Management Office (杭州市江幹區科技經濟園開發管理辦公室), office manager and department head of the Project Management Department of Hangzhou Qiantang Intelligence Industry Development Construction Centre (杭州錢塘智慧城產業建設中心), and deputy general manager of Hangzhou Jianggan District Urban Construction & Comprehensive Development Co., Limited (杭州市江幹區城市建設綜合開發有限公司). Mr. Li holds a bachelor's degree.

Mr. Zhou Bin (周斌), aged 46, has been the director and deputy general manager of the Company since its establishment in October 2021. Mr. Zhou previously served as the chief of the Planning Information Centre of Hangzhou Jianggan District Construction Bureau (杭州市江幹區建設局規劃信息中心), the Party Group member and deputy chief of Hangzhou Jianggan District Rural Housing Construction Management Centre (杭州市江幹區農居建設管理中心), the chairman and general manager of Hangzhou Zhongchen Urban Construction Co., Ltd. (杭州中宸城鎮建設有限公司), the general manager and deputy secretary of the Party Group of Hangzhou Zhongchen Urban Construction Co., Ltd. (杭州中宸城鎮建設有限公司), and the Party Group deputy secretary of the Canal Jianggan Headquarters Office (運河江幹指揮部辦公室). Mr. Zhou holds a master's degree.

Mr. Zhang Kebiao (章科彪), aged 41, has been the director and deputy general manager of the Company since August 2022. Mr. Zhang was previously a staff member of Hangzhou Zhongchen Urban Construction Co., Ltd. (杭州中宸城鎮建設有限公司), the deputy department head of the Rural Housing Construction Management Department of Hangzhou Jianggan District Rural Housing Construction Management Centre (杭州市江幹區農居建設管理中心), the manager of the Project Management Department of Hangzhou Zhongchen Urban

Construction Co., Ltd. (杭州中宸城鎮建設有限公司) and the department head of the No.1 Projects Department of Hangzhou Shangcheng District Urban Construction and Development Group Co., Ltd. (杭州上城區城市建設發展集團有限公司). Mr. Zhang holds a bachelor's degree.

Ms. Hu Ying (胡穎), aged 41, has been the director, head of finance and assistant to general manager of the Company since its establishment in October 2021. Ms. Hu previously served as the manager of the Financial Department of Hangzhou Urban Land Development Co., Ltd. (杭州市城市土地發展有限公司) and the director of Wanghaichao Construction. Ms. Hu holds a master's degree.

SUPERVISORS

As at the date of this Offering Circular, the board of supervisors (the "**Supervisory Board**") of the Company comprises five members. The table below sets forth information regarding the members of the Supervisory Board of the Company as at the date of this Offering Circular.

Name	Age	Position
Zheng Yan (鄭燕)	43	Chairman of the Supervisory Board
Zheng Qian (鄭倩)...........................	44	Supervisor
Wang Yan (王妍)	39	Supervisor
Zhu Zhuocheng (朱卓誠)	40	Supervisor
Yan Xiaoyi (嚴曉奕)	38	Supervisor

Ms. Zheng Yan (鄭燕), aged 43, is the Chairman of the Supervisory Board. Ms. Zheng previously served at Ningbo Dahongying Vocational and Technical College (寧波大紅鷹職業技術學院) and Hangzhou Jianggan District Urban Construction Comprehensive Development Co., Ltd. (杭州江乾區城市建設綜合開發有限公司). Ms. Zheng holds a bachelor's degree.

Ms. Zheng Qian (鄭倩), aged 44, is a Supervisor of the Company. Ms. Zheng previously served at Hangzhou Wansheng Industrial Co., Ltd. (杭州萬聲實業有限公司), Hangzhou Fengxing Communication Co., Ltd. (杭州蜂星通訊有限公司) and Zhejiang Wangsheng Shengyibao Co., Ltd. (浙江網盛生意寶股份有限公司). She concurrently serves as a supervisor of Wanghaichao Construction. Ms. Zheng holds a bachelor's degree.

Ms. Wang Yan (王妍), aged 39, is a Supervisor of the Company. Ms. Wang previously served at Hangzhou Bobing Advertising and Decoration Works Co., Ltd. (杭州博冰廣告裝飾工程有限公司), Zhuoshang Clothing (Hangzhou) Co., Ltd. (卓尚服飾(杭州)有限公司) and Wangjiang Command Office. She concurrently serves as a supervisor of Wanghaichao Construction. Ms. Wang holds a bachelor's degree.

Mr. Zhu Zhuocheng (朱卓誠), aged 40, is a Supervisor of the Company. Mr. Zhu previously served at Hangzhou Land and Resources Bureau Jiangqian Branch (杭州市國土資源局江千分局) and Hangzhou Jiangqian District Urban Construction Comprehensive Development Co., Ltd. (杭州江千區城市建設綜合開發有限公司). Mr. Zhu holds a bachelor's degree.

Ms. Yan Xiaoyi (嚴曉奕), aged 38, is a Supervisor of the Company. Ms. Yan previously served at Zhejiang Wangsheng Toocle Co., Ltd. (浙江網盛生意寶股份有限公司), Hangzhou Maiou Technology Co., Ltd. (杭州邁歐科技有限公司) and Hangzhou Jianggan District Urban Construction Comprehensive Development Co., Ltd. (杭州江幹區城市建設綜合開發有限公司). She concurrently serves as a supervisor of Shangcheng Urban Construction & Comprehensive Development. Ms. Yan holds a bachelor's degree.

SENIOR MANAGEMENT

As at the date of this Offering Circular, the Company has six senior management members. The table below sets forth information regarding the senior management members of the Company as at the date of this Offering Circular.

Name	Age	Position
Yao Chunyu (姚春宇)	46	Director, General Manager
Chen Gaoyan (陳高岩)	48	Director, Deputy General Manager
Li Feng (李鋒)	44	Director, Deputy General Manager
Zhou Bin (周斌)..............................	46	Director, Deputy General Manager
Mr. Zhang Kebiao (章科彪)	41	Director, Deputy General Manager
Hu Ying (胡穎)	41	Director, Head of Finance, Assistant to General Manager

For details regarding Mr. Yao Chunyu (姚春宇), Mr. Chen Gaoyan (陳高岩), Mr. Li Feng (李鋒), Mr. Zhou Bin (周斌), Mr. Zhang Kebiao (章科彪) and Ms. Hu Ying (胡穎), *see "—Directors*" above.

DESCRIPTION OF THE KEEPWELL DEED

The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed. Defined terms used in this section shall have the meanings given to them in the Keepwell Deed.

The Existing Bonds have the benefit of the Original Keepwell Deed. With respect to the New Bonds, the Issuer and the Company will execute the Supplemental Keepwell Deed in favour of the Trustee on or about the New Issue Date.

Ownership of the Issuer

Pursuant to the Keepwell Deed, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to:

- directly or indirectly, be the single largest shareholder of the Issuer;
- procure that accounts of the Issuer are consolidated with those of the Company;
- procure that the title, rights and interests in the shares of the Issuer that are held by the Company are not pledged, charged or in any way encumbered; and
- directly or indirectly appoint all of the members of the board of directors of the Issuer.

Maintenance of Consolidated Net Worth, Liquidity, etc.

Pursuant to the Keepwell Deed, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to procure:

- the Issuer to have a Consolidated Net Worth of at least U.S.$1.00 (or its equivalent in any other currency) at all times;
- the Issuer to have sufficient liquidity to make timely payment of any amounts payable by it under or in respect of the Bonds in accordance with the Conditions and/or the Trust Deed and that the Issuer to have sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer; and
- the Issuer to remain solvent and a going concern at all times under the laws of its jurisdictions of incorporation or applicable accounting standards.

Relevant Indebtedness

So long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds that neither the Issuer nor the Company will, and each of the Issuer and the Company will ensure that none of their respective Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Irrevocable Cross-Border Standby Facility, Liquidity Support and Parent Investment

Pursuant to the Keepwell Deed, upon the receipt of a Trigger Notice from the Trustee, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to:

- grant the Standby Facility (as defined in the Keepwell Deed) and procure remittance of the Remittance Amount as a loan to the Issuer in accordance with the Keepwell Deed;
- provide liquidity support to the Issuer in accordance with the Keepwell Deed; and
- invest in the Issuer and/or any Offshore Subsidiary(ies) (as defined in the Keepwell Deed) in accordance with the Keepwell Deed,

in each case, subject to it having obtained all relevant Regulatory Approvals (which the Company shall use its best endeavours to obtain), so as to enable the Issuer to (i) make payment in full of any outstanding amounts as they fall due under the Trust Deed and the Bonds (including without limitation, the payment of the principal amount of the Bonds then outstanding as at the date of the Trigger Notice and any interest accrued to but excluding the date of the Trigger Notice but unpaid on the Bonds) if the Triggering Event is an Event of Default or (ii) remedy the Financial Ratio Failure or the Shortfall Event (each as defined below) if such Triggering Event has occurred, prior to any other use, disposal or transfer of the proceeds received, and in each case to make payment of any other Relevant Amount.

A Triggering Event will occur when:

- the Consolidated Net Worth of the Issuer falls below U.S.$1.00 (or its equivalent in any other currency) (a "**Financial Ratio Failure**");
- an Event of Default occurs; or
- the Issuer determines that it will have insufficient liquidity or cashflow to meet its payment obligations under the Bonds or the Trust Deed as they fall due (a "**Shortfall Event**").

In the event of:

(i) an Event of Default resulting in the service of a Trigger Notice,

  (a) receiving a notice in writing from the Principal Paying Agent that all of the payment obligations of the Issuer in respect of any principal, premium (if any), interest and default interest (if applicable) under the Bonds have been satisfied in full and (b) being satisfied that all amounts due and payable to the Trustee under the Trust Deed have been satisfied in full; and

  (b) such Event of Default having been waived by the Trustee acting on the instructions of the Bondholders by an Extraordinary Resolution; or

(ii) a Financial Ratio Failure or Shortfall Event resulting in the service of a Trigger Notice, receiving a certificate from the Company signed by any one of its Authorised Signatories certifying that such Financial Ratio Failure or Shortfall Event has been remedied in full,

the Trustee shall provide a suspension notice to the Issuer and the Company (the "**Suspension Notice**") within five Business Days after the Business Day on which a Suspension Event occurs. Such Suspension Notice shall cease to be effective upon the occurrence of a new Triggering Event after the date of such Suspension Notice.

Other Undertakings

Pursuant to the Keepwell Deed, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds:

- not to amend its articles of association in a manner that is, directly or indirectly, materially adverse to Bondholders;

- to procure that the articles of association of the Issuer shall not be amended in a manner that is, directly or indirectly, materially adverse to Bondholders;
- to cause the Issuer to remain in full compliance with the Terms and Conditions of the Bonds, the Trust Deed and all applicable rules and regulations in the British Virgin Islands with respect to the Bonds;
- promptly to take any and all action necessary to comply with its obligations under the Keepwell Deed;
- to ensure that the Issuer has sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer;
- to cause the Issuer to take all action necessary in a timely manner to comply with its obligations under the Keepwell Deed;
- to procure that the Issuer shall not carry on any business activity whatsoever other than in connection with the issue of the Bonds or any other debt securities and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of Bonds or other debt securities to the Company or any other Subsidiaries of the Company).

The Keepwell Deed will not be, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

In the event that the performance by the Company of its obligations under the Keepwell Deed requires any prior Regulatory Approval, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to use its best endeavours to obtain such Regulatory Approvals.

The Keepwell Deed and all non-contractual obligations arising from or in connection with it will be governed by and construed in accordance with English law.

DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Deed of Equity Interest Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Deed of Equity Interest Purchase Undertaking. Defined terms used in this section shall have the meanings given to them in the Deed of Equity Interest Purchase Undertaking.

The Existing Bonds have the benefit of the Original Deed of Equity Interest Purchase Undertaking. With respect to the New Bonds, the Company will execute the Supplemental Deed of Equity Interest Purchase Undertaking in favour of the Trustee on or about the New Issue Date.

Obligation to Acquire Equity Interest

Upon the receipt of a written Purchase Notice given by the Trustee in accordance with the Trust Deed following the occurrence of an Event of Default, the Company has agreed in respect of the Existing Bonds and will agree in respect of the New Bonds, subject to obtaining all Regulatory Approvals, to purchase or procure an Onshore Subsidiary (the "**Purchaser**") to purchase (the "**Purchase**"):

(i) the Equity Interest held directly by the Issuer and/or any other Offshore Subsidiary, as designated by the Company and notified in writing to the Trustee in writing within five Business Days after the date of the Purchase Notice; and/or

(ii) in the absence of such designation and notification to the Trustee within five Business Days after the date of the Purchase Notice as provided in accordance with the Deed of Equity Interest Purchase Undertaking, the Equity Interest held directly by all Offshore Subsidiaries,

(each such Offshore Subsidiary, a "**Relevant Transferor**") at the Purchase Price on the relevant Purchase Closing Date pursuant to the terms set out in the Deed of Equity Interest Purchase Undertaking and the relevant Equity Interest Transfer Agreement(s).

The Purchase obligation of the Company set out in the Deed of Equity Interest Purchase Undertaking shall be suspended if, prior to the relevant Purchase Closing Date, each of the Issuer and the Company receives a notice in writing from the Trustee stating that all of the payment obligations of the Issuer in respect of any principal, premium and interest under the Bonds and the Trust Deed have been satisfied in full as at the date of that notice, or that the Event of Default resulting in the service of the Purchase Notice has been waived by the Trustee in accordance with the terms of the Trust Deed (the "**Suspension Notice**").

The Trustee shall provide a Suspension Notice within five Business Days to the Issuer and the Company if (i) the Trustee receives from the Principal Paying Agent a notice in writing by the Principal Paying Agent that all payment obligations of the Issuer in respect of any principal, premium, interest and default interest (if applicable) under the Bonds and the Trust Deed have been satisfied in full, or (ii) the Event of Default resulting in the service of the Purchase Notice has been waived in accordance with the terms of the Trust Deed.

Determination of the Purchase Price

Within 20 Business Days after the date of the Purchase Notice, the Company shall determine (a) the aggregate purchase price of the Equity Interest(s) being the subject of the Purchase (the "**Purchase Price**") in accordance with any applicable PRC laws and regulations effective at the time of determination; and (b) the other applicable terms relating to the Purchase, *provided that* the Purchase Price shall be no less than the aggregate of the following amounts (the "**Shortfall Amount**"):

(i) the amount sufficient to enable the Issuer to discharge in full its obligations under the Bonds and the Trust Deed (as the case may be) (including without limitation the principal amount of the Bonds then outstanding as at the date of such Purchase Notice and any interest accrued but unpaid on the Bonds up to but excluding the date of such Purchase Notice), plus

(ii) an amount equal to U.S.$9,587,500 being the interest payable in respect of one full interest period on the Bonds, plus

(iii) all costs, fees and expenses (including without limitation, legal expenses) and other amounts payable to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for costs, fees and expenses (including without limitation, legal expenses) and other amounts which may be properly incurred in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or Deed of Equity Interest Purchase Undertaking after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

Closing in respect of Purchase of Equity Interest

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Onshore Subsidiary:

(i) within 75 Business Days after the date of the Purchase Notice, the Company shall, and shall procure such Relevant Transferor to, promptly complete all internal approval procedures and obtain approval from the requisite number of shareholders of such Target Subsidiary in relation to the Purchase, and to execute, and the Company shall procure the board of directors of such Target Subsidiary to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (in such form and language as required by applicable laws and regulations) required by applicable laws and regulations of the PRC and, shall file such agreements and/or documents with the PBOC (if applicable), the NFRA (if applicable), MOFCOM (if such Onshore Subsidiary is a foreign-invested enterprise), SASAC and/or NDRC for approval of the transfer of the Equity Interest being the subject of the Purchase;

(ii) within 10 Business Days after the receipt of approval from the PBOC (if applicable), the NFRA (if applicable), MOFCOM, SASAC and/or NDRC, the Company shall, or shall procure the Target Subsidiary to, submit all application documents required by applicable laws and regulations of the PRC to the competent SAMR for the SAMR registration of the transfer of the Equity Interest of such Relevant Transferor;

(iii) the Company shall promptly complete the procedures in respect of withholding tax for such Relevant Transferor as required by applicable laws and regulations of the PRC with the competent tax authority and obtain the tax clearance certificate from such tax authority;

(iv) within 10 Business Days after completion of the change of SAMR registration and the receipt of the tax clearance certificate, the Company shall, or shall procure the Target Subsidiary to, submit all application documents required by applicable laws and regulations of the PRC to SAFE (A) to change the SAFE registration of such Target Subsidiary and (B) for the remittance of the relevant Purchase Price outside the PRC; and

(v) the Company shall procure that the remittance of the Purchase Price shall take place on or prior to the 10^{th} Business Day after the date of receipt of the approvals from SAFE and all other Regulatory Approvals or, if no Regulatory Approval from any Approval Authority is required, on or prior to the 10^{th} Business Day after the date of execution of the Equity Interest Transfer Agreement (the "**Onshore Purchase Closing Date**"), whereupon the Company shall pay, or procure the relevant Purchaser to pay, to or to the order of such Relevant Transferor the Purchase Price in immediately available funds in Renminbi. Such payment shall be made by remittance of the Purchase Price to such account in Hong Kong as may be designated by such Relevant Transferor;

provided that the requirements and deadlines set out in the Deed of Equity Interest Purchase Undertaking may be modified if the Trustee receives an opinion of a reputable PRC counsel of recognised national standing in English stating under applicable PRC law as at the date of the opinion, (a) that any requirement and/or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable period of time that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Company within 14 Business Days after the receipt of the Purchase Notice.

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Offshore Subsidiary:

(i) within 25 Business Days after the date of the Purchase Notice, the Company shall, or shall procure the Purchaser, the Relevant Transferor and/or the Target Subsidiary (as the case may be) to submit all relevant application, report, filing and/or registration documents to the competent Approval Authorities in the PRC (including the PBOC, NDRC, MOFCOM, SASAC and SAFE, where applicable) for or in relation to overseas mergers and acquisitions;

(ii) within 25 Business Days after obtaining the confirmation of each of the relevant competent Approval Authorities in the PRC (including the PBOC, NDRC, MOFCOM, SASAC and SAFE, where applicable) for or in relation to the application, report, filing and/or registration documents referred to in the Deed of Equity Interest Purchase Undertaking, the Company shall, and shall procure such Relevant Transferor to, promptly complete all internal approval procedures and obtain approval from the requisite number of shareholders of such Target Subsidiary in relation to the Purchase, and to execute, and the Company shall procure the board of directors of such Target Subsidiary to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (in such form and language as required by applicable laws and regulations) required by applicable laws and regulations and shall file such agreements and/or documents with the relevant competent Approval Authorities (including the PBOC, NDRC, MOFCOM, SASAC and SAFE, where applicable) and authorities of the other jurisdiction(s) in connection with the Purchase (where applicable), for approval, filing or registration of the transfer of the Equity Interest being the subject of the Purchase; and

(iii) the Company shall procure that the remittance of the Purchase Price shall take place on or prior to the 10^{th} Business Day after the date of receipt of the approvals, registrations or confirmations of reporting or filing from each of the relevant competent Approval Authorities in the PRC (including the PBOC, NDRC, MOFCOM, SASAC and SAFE, where applicable) and authorities of other jurisdictions in charge of the Purchase as referred to in the Deed of Equity Interest Purchase Undertaking and all other Regulatory Approvals or, if no such Regulatory Approval from any Approval Authority is required, on or prior to the 10^{th} Business Day after the date of execution of the Equity Interest Transfer Agreement (the "**Offshore Purchase Closing Date**"), whereupon the Company shall pay, or procure the relevant Purchaser to pay to or to the order of, such Relevant Transferor the Purchase Price immediately available funds in Renminbi. Such payment shall be made by remittance of the Purchase Price to such account in Hong Kong as may be designated by such Relevant Transferor,

provided that the requirements and deadlines set out in the Deed of Equity Interest Purchase Undertaking may be modified if the Trustee receives an opinion of a reputable PRC counsel of recognised national standing in English stating under applicable PRC law as at the date of the opinion, (a) that any requirement and/or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable period of time that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Company within 14 Business Days after the receipt of the Purchase Notice.

The Trustee shall not be obliged to agree to any modification to the requirements and deadlines set out above in relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Onshore Subsidiary or, as the case may be, relating to a Target Subsidiary which is an Offshore Subsidiary unless each new requirement and each new deadline is expressly stated in, and the amendments to the relevant clauses of the Deed of Equity Interest Purchase Undertaking are expressly set out in, the relevant opinion of PRC counsel. The Trustee shall be entitled to rely conclusively and without further inquiry or investigation on any opinion of PRC counsel received by it as contemplated above, and the Trustee and each of its directors, officers, employees and Appointees (as defined in the Trust Deed) will not be responsible or liable to Bondholders or any other person for any loss or liability occasioned by doing so.

Upon the completion of any Purchase, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to:

(i) in the event that a Relevant Transferor is not the Issuer, procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price, being an amount no less than the Shortfall Amount, to the Issuer prior to any other use, disposal or transfer of the proceeds received; and

(ii) promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price received by the Issuer from the Company or pursuant to any on-loan or distribution referred to in the Deed of Equity Interest Purchase Undertaking to be applied solely towards the payment of the Issuer's obligations under the Bonds and the Trust Deed (including without limitation the payment of the principal amount of the Bonds then outstanding as at the date of the Purchase Notice and any interest accrued but unpaid on the Bonds up to but excluding the date of payment) prior to any other use, disposal or transfer of the proceeds received.

Further Actions

The Company shall, and shall procure each Purchaser and Relevant Transferor to, do any other things and take any further actions as may be necessary or desirable to:

(i) procure the completion of the Purchase within three months from the date of the Purchase Notice; and

(ii) procure the remittance of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

Other Provisions

The Deed of Equity Interest Purchase Undertaking will not be, and nothing herein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

In the event that the performance by the Company of its obligations under the Deed of Equity Interest Purchase Undertaking requires any prior Regulatory Approval, the Company has undertaken in respect of the Existing Bonds and will undertake in respect of the New Bonds to use its best endeavours to obtain such Regulatory Approvals.

The Deed of Equity Interest Purchase Undertaking and all non-contractual obligations out of or in connection with it will be governed by and construed in accordance with English law.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

	Renminbi per U.S. dollar Noon Buying Rate(1)			
	Period end	**Average(2)**	**High**	**Low**
	(RMB per U.S.$1.00)			
Period				
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
2022	6.8972	6.7290	7.3048	6.3084
2023				
January	6.7540	6.7904	6.9135	6.7010
February	6.9325	6.8380	6.9545	6.7266
March	6.8676	6.8188	6.9630	6.8909
April	6.9110	6.8876	6.9320	6.8677
May	7.1100	6.9854	7.1100	6.9094
June	7.2513	7.1614	7.2513	7.0827

Notes:

(1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant period.

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations or to the Company.

PRC Currency Controls

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a supervision list determined by the PBOC and five other relevant authorities in the PRC would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (《關於簡化跨境人民幣業務流程和完善有關政策的通知》) (the "**2013 PBOC Circular**") which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (《關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知》) (the "**2015 PBOC Circular**"), which, *inter alia*, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone may establish an additional cash pool in the local scheme in such pilot free trade zone, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of, and/or registration or filing with, the relevant PRC authorities. Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign-invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by the PBOC, MOFCOM and SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. The Circular on Reforming the Administrative Approach of the Foreign Exchange

Capital Settlement for Foreign Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) became effective on 1 June 2015 (the "**2015 SAFE Circular**"). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item - account for foreign currency settlement pending payment (資本項目-結匯待支付帳戶) (the "**Account for Foreign Currency Settlement Pending Payment**") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular.

On 9 June 2016, SAFE promulgated the Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (《關於改革和規範資本項目結匯管理政策的通知》 (匯發[2016]16 號)) (the "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC (but not include financial institutions). It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

SASAC Approval

Pursuant to the Enterprise State-owned Assets Law of the People's Republic of China (《中華人民共和國企業國有資產法》) promulgated by the Standing Committee of the National People's Congress on 28 October 2008 and became effective on 1 May 2009, and the Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises (《企業國有資產監督管理暫行條例》) promulgated by the State Council on 27 May 2003 and revised on 8 January 2011 and 2 March 2019, decisions on mergers, divisions, increases or reductions in registered capital, issuance of notes, profit distributions, dissolutions, applications for bankruptcy and other major events of solely state-owned enterprises and solely state-owned companies shall be decided by SASAC which invested in such enterprises and companies.

On 26 December 2020, the NPC Standing Committee issued the Decision of the Standing Committee of the National People's Congress on Strengthening the Supervision of the Administration of State-Owned Assets (《全國人民代表大會常務委員會關於加強國有資產管理情況監督的決定》). According to this decision, the NPC Standing Committee shall take the annual hearing and deliberation of reports of the State Council on the administration of state-owned assets as the basic means of performing the duties of the National People's Congress in the supervision of state-owned assets, and comprehensively adopt law enforcement inspections, inquiries, questioning, investigations into specific issues and other statutory means of supervision.

Prevention of Foreign Debt Risks and Local Debt Risks

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 PBOC and the China Banking Regulatory Commission ("**CBRC**") in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds. On 21 September 2014, the State Council of the PRC released Circular 43. Circular 43 aims at regulating the financing system of local government and 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, which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, the PBOC and the CBRC (《財政部人民銀行銀監會關於妥善解決地方政府融資平臺公司在建項目後續融資問題意見的通知》國辦發[2015]40 號) ("**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 by competent investment authorities before the date when Circular 43 was promulgated.

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

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 incremental 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 a 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 incremental 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, 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 amounts 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 26 April 2017, the Ministry of Finance, the NDRC, the Ministry of Justice, the People's Bank of China, the China Banking Regulatory Commission and the China Securities Regulatory Commission jointly issued Circular 50. According to Circular 50, (i) the local governments should not inject public assets and land reserves into their financing platform companies, and should not undertake to use the expected income from transfer of land reserves as sources for repaying the debt of their financing platform companies; (ii) when providing financing to enterprises such as financing platform companies, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of the letter of guarantee, the letter of undertaking, the letter of comfort or otherwise; (iii) a financing platform company shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 would not be regarded as local government debts pursuant to applicable laws. Therefore, the Bonds would not be treated as local government debts under applicable laws and regulations.

The PRC government issued Circular 23 in March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing platforms that they assist in fundraising. Circular 23 reinforced the position that the PRC government is not an obligor and Bondholders shall have no recourse to the PRC Government in respect of any obligation arising out of or in connection with the Bonds. Circular 23 is relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties. On 28 February 2021, the Notice by the State-owned Assets Supervision and Administration Commission of the State Council Regarding Issuing the Guiding Opinions on Strengthening the Management and Control of Debt Risks of Local State-owned Enterprises (《國務院國資委關於印發《關於加強地方國有企業債務風險管控工作的指導意見》的通知》國資發財評規(2021)18 號) was released which reiterates the PRC government's position to further strengthen the management and control of debt risks of state-owned enterprises. The Notice No. 18 requires all local state-owned assets supervision and administration commissions shall accelerate the establishment and improvement of a monitoring and warning mechanism for debt risks borne by local state-owned enterprises, impose constraints on the debt scale and liability-asset ratios of highly indebted enterprises. Pursuant to the Circular of the State Council on Deepening the Reform of Budget Management System (《國務院關於進一步深化預算管理制度改革的意見》) promulgated by the State Council and came into effect on 7 March 2021, the local governments shall strengthen the overall planning of budget revenue to regulate the management of budget expenditure, to promote the standardisation of financial expenditure, to strictly control the risk of budget, to improve the mechanism for local governments to properly raise debt, and to prevent and resolve the hidden debt risks of local governments.

Land, Planning and Construction Permit

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the NPC Standing Committee on 25 June 1986 and amended on 29 December 1988, 29 August 1998, 28 August 2004 and 26 August 2019, land owned by the State may be remised or allotted to construction units or individuals in accordance with the law. The People's Government at or above the county level shall register and put on record uses of state-owned land used by construction units or individuals, and issue certificates to certify the land use rights.

According to the Order of the Ministry of Land and Resources on Promulgating the Land Allocation Catalogue (《國土資源部關於發佈《劃撥用地目錄》的命令》) promulgated and implemented on 22 October 2001, the land use rights of construction projects which are in conformity with the Catalogue can only be allotted through application by the construction units and approval of the people's government with the approval authority.

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the NPC Standing Committee on 28 October 2007 and amended on 24 April 2015 and 23 April 2019, a Construction Land Planning Permit is required for the use of both allocated land and granted land. If a construction entity which was authorised to use the construction land fails to obtain a Construction Land Planning Permit, the People's Government at or above the county level shall cancel any relevant authorisation documents previously issued. If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to law.

Where construction work is conducted in a city or town planning area, the relevant construction entity or individual shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department of the People's Government at the municipal or county level or to the People's Government of town as recognised by the People's Government of a province, autonomous region or municipality directly under the Central Government. For construction work that proceeds without the Construction Work Planning Permit or in violation of the provisions of the Construction Work Planning Permit, a competent urban and rural planning administrative department at or above the county level can order termination. If the impact on the planning caused by such construction can be eliminated, the department shall order it to take remedial action within a prescribed time limit and pay a fine of not less than 5 per cent. but not exceeding 10 per cent. of the construction cost. If such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall not only confiscate it or seize any illegal income but also may impose a fine of not more than 10 per cent. of the construction price.

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the NPC Standing Committee on 1 November 1997 and implemented on 1 March 1998 and amended on 22 April 2011, implemented on 1 July 2011, amended on 23 April 2019, implemented on the same day, a construction entity shall, prior to the commencement of a construction project, apply for a Construction Work Commencement Permit from a competent department of the construction administration of the People's Government at or above the county level of the place where the project is located pursuant to the relevant regulations of the State.

However, small projects determined by the competent department of construction administration of the State Council, and construction projects which have already obtained approvals for their construction commencement report pursuant to the terms of reference and procedures prescribed by the State Council, are subject to exception.

According to the Rules on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated by the State Council, and implemented on 30 January 2000, and amended on 7 October 2017 and 23 April 2019, a construction entity commencing the project without obtaining the Construction Work Commencement Permit or approvals for its construction commencement report, shall be ordered to stop the construction work, carry out remedial actions within a prescribed time limit and pay a fine of not less than 1 per cent. but not exceeding 2 per cent. of the construction price.

According to the Rules on the Administration of Construction Quality (《建設工程質量管理條例》) and Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) which was promulgated and implemented on 19 October 2009 a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department at or above the county level at the place where the project is located within 15 days from the day when the construction project passes the acceptance checks. Where a construction entity illegally delivers the construction project for use without obtaining the acceptance checks or in circumstances where it failed to pass the acceptance checks, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2 per cent. but not exceeding 4 per cent. of the contractual project price, and shall be obliged to pay compensation according to law if any losses have been caused. If the construction entity fails to file a record of passing the acceptance checking in respect of the project within 15 days from the day when the construction project passes such checks, it shall be ordered to carry out remedial actions within a prescribed time limit and shall be fined not less than RMB200,000 but not exceeding RMB500,000.

Pursuant to the Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (《城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on 19 May 1990 and was amended on 29 November 2020, the State, in accordance with the principle of the ownership being separated from the right to the use of the land, implements the system whereby the right to the use of the State-owned land in the urban areas may be assigned and transferred, with the exclusion of the underground resources, the objects buried underground, and the public works.

According to the Measures for the Administration of Bidding of the Construction of the House Building and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) promulgated by the Ministry of Construction on 1 June 2001, and was amended by the Ministry of Housing & Urban-Rural Development on 28 September 2018 and 13 March 2019, for house building and municipal infrastructure projects for which bidding must be conducted according to the law, the parties and their construction bidding activities shall be subject to supervision. The administrative department of construction shall supervise the construction bidding activities and investigate illegal acts in the construction bidding activities.

Labour Laws

Employment Contracts

The Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the NPC Standing Committee on 5 July 1994 and became effective on 1 January 1995, and was amended on 27 August 2009 and 29 December 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labour safety and health systems, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for workers, guard against labour accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labour protection gear that complies with labour safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Labourers engaged in special operations shall have received specialised training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Labour Contract Law of PRC (《中華人民共和國勞動合同法》), 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.

Social Insurance and Housing Provident Fund

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 amendment became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019 which amendment became effective on the same date, 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.

Safety Laws

The Work Safety Law

The Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Work Safety Law**") was promulgated by the Standing Committee of the National People's Congress (the "**NPCSC**") on 29 June 2002 and came into effect on 1 November 2002 and revised on 27 August 2009, 31 August 2014 and 10 June 2021 which amendment will become effective on 1 September 2021, and provided that enterprises engaged in production and other business activities in the PRC are required to: (1) comply with the Work Safety Law and relevant laws and regulations on work safety, (2) strengthen managerial control over work safety, (3) establish and improve a work safety responsibility system and work safety rules and systems for all employees, (44) increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, (5) improve work safety conditions, (6) strengthen standardization and informatization of work safety, (7) construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, (8) improve the risk prevention and resolution mechanism to raise work safety levels and to ensure work safety.

Pursuant to the Work Safety Law, the production, operation, transportation, storage and use of any hazardous substances or the disposal of abandoned hazardous substances shall, according to the provisions of the relevant laws and regulations, national standards and industrial standards, be subject to the approval as well as the supervision and administration of relevant administrative departments. The major person in charge of an enterprise shall undertake the overall responsibility for the safety in production. Enterprises shall provide education and training to employees on safety in production. They shall also provide employees with articles of labour protection which meet the national or industrial standards, and supervise and guide employees to wear and use of these articles according to instructions.

Work Safety Licence

Pursuant to the Regulations on Work Safety Licence (《安全生產許可證條例》) (the "**Regulations on Work Safety Licence**"), which were promulgated by the State Council on 13 January 2004 and amended on 18 July 2013 and 29 July 2014 which amendment became effective on the same date, the PRC government implements the work safety licencing system to the enterprises engaged in mining, construction, production of hazardous chemicals, fireworks and crackers, and civil use explosive articles. No enterprise may engage in such manufacturing activities without a work safety licence.

The department of work safety supervision and administration under the State Council shall be in charge of the issuance and administration of work safety licence for enterprises which are subject to the administration of the central authority and engage in the non-coal mining, production of hazardous chemicals, fireworks and crackers. The provincial departments of work safety supervision and administration are in charge of the issuance and administration of work safety licence for enterprises which engage in non-coal mining, the production of hazardous chemicals, fireworks and crackers except for the aforesaid.

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 holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC Taxation

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

Income Tax

Pursuant to 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.

Furthermore, according to the EIT Law, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of China shall be PRC tax resident enterprises for the purpose of the EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC.

Under the Individual Income Tax Law of the PRC (IIT Law), as amended on 31 August 2018 and effective on 1 January 2019, any undomiciled individual who does not reside within the territory of the PRC or has resided within the territory of the PRC for less than 183 days in aggregate in a tax year shall pay individual income tax for any income obtained within the PRC. Pursuant to the EIT Law, the IIT Law and the implementation rules in relation to both the EIT Law and the IIT Law, any non-resident individual or enterprise without domiciled or establishment within the PRC or whose income has no actual connection to its establishment inside the PRC shall pay income tax at the rate of 20 per cent. for individuals or 10 per cent. for enterprises on the income sourced inside the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the PRC and the country or region where the non-resident is domiciled or established, and such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Bonds for any non-PRC Bondholder if such interest is regarded as being derived from sources within the PRC. If the Issuer is deemed to be a PRC tax resident enterprise, any gains realised on the transfer of the Bonds by non-resident Bondholders may also be subject to the PRC's income tax at a rate of 10 per cent. for enterprise Bondholders or 20 per cent. for individual Bondholders, if such gains are regarded as having been derived in the PRC, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

VAT

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

According to Circular 36, entities and individuals providing services within the PRC are subject to VAT. The services potentially subject to VAT include the provision of financial services such as the provision of loans. Although the issuance of the Bonds is likely to be treated as financial services for VAT purposes, Circular 36 stipulates that services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. In connection with the issue of the Bonds, none of the Issuer and/or the Bondholders is located in the PRC. However, if the PRC tax authorities deem that the Bondholders are providing loans within the PRC, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. and 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.

In addition, under such an interpretation Bondholders could become subject to local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to Bondholders could be up to 6.72 per cent.

However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

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

Stamp Duty

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

British Virgin Islands Taxation

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

Hong Kong Taxation

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Bonds) 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:

(i) 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;

(ii) 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;

(iii) 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

(iv) 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 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 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 addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp Duty

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

United States' Foreign Account Tax Compliance Act Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) 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 date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register 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 advisers regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Company have entered into a subscription agreement with the Joint Lead Managers dated 11 July 2023 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally and not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the New Bonds set forth opposite its name below:

Joint Lead Managers	**Principal amount of the New Bonds to be subscribed (U.S.$)**
China International Capital Corporation Hong Kong Securities Limited	65,000,000
BOCOM International Securities Limited	5,000,000
CCB International Capital Limited	5,000,000
China Industrial Securities International Brokerage Limited	5,000,000
China Securities (International) Corporate Finance Company Limited	5,000,000
CMBC Securities Company Limited	5,000,000
CNCB (Hong Kong) Capital Limited	5,000,000
GF Securities (Hong Kong) Brokerage Limited	5,000,000
Haitong International Securities Company Limited	5,000,000
JQ Securities (Hong Kong) Limited	5,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	5,000,000
Shenwan Hongyuan Securities (H.K.) Limited	5,000,000
SPDB International Capital Limited	5,000,000
Total	**125,000,000**

The Subscription Agreement provides that the Issuer and the Company will jointly and severally indemnify the Joint Lead Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents against certain liabilities in connection with the offer and sale of the New Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Company for which they have received, or will receive, fees and expenses.

In connection with the offering of the New Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Company, may act as investors and place orders, receive allocations and trade or purchase New Bonds for their own account (without a view to distributing such New Bonds) and such orders and/or allocations and/or trading of the New Bonds may be material. Such entities may hold or sell such New Bonds or purchase further New Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Company, and therefore, they may offer or sell the New Bonds or other securities otherwise than in connection with the offering of the New Bonds. Accordingly, references herein to the New Bonds being "offered" should be read as including any offering of the New Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Company for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the New Bonds. If this is the case, the trading price and liquidity of trading in the New Bonds may be constrained (see "*Risk Factors – Risks Relating to the Bonds – An active trading market for the Bonds may not develop*"). The Issuer, the Company and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the New Bonds among individual investors otherwise than in accordance with applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the New Bonds and/or other securities of their or their respective subsidiaries or associates at the same time as the offer and sale of the New 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 New Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Bonds). Such investment and securities activities may involve securities and instruments of the Issuer and/or the Company, including the New Bonds and could adversely affect the trading prices and/or liquidity of the New Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the New Bonds or other financial instruments of the Issuer or the Company, and may recommend to their clients that they acquire long and/or short positions in the New Bonds or other financial instruments.

In connection with the issue of the New Bonds, the Stabilisation Manager (or any person acting on behalf of a Stabilisation Manager) may, to the extent permitted by applicable laws and directives, over-allot the New Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Company. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the New 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 advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Company or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the New Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the New Bonds or any other offering or publicity material relating to the New Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the New 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 New Bonds may be distributed or published, by the Issuer, the Company or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Company or the Joint Lead Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Company in such jurisdiction.

United States

The New Bonds have not been and will not be registered under 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.

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

(a) it has not offered or sold, and agrees that it will not offer or sell, any New Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and

(b) neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the New Bonds.

United Kingdom

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

(a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the New Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the New Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer or the Company;

(b) 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 FSMA) received by it in connection with the issue or sale of any New Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Bonds in, from or otherwise involving the United Kingdom.

The PRC

Each of the Joint Lead Managers has represented, warranted and agreed that the New 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 Hong Kong and Macau or Taiwan), except as permitted by the securities laws of the PRC.

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any New Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any New Bonds or caused the New Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Bonds or cause the New 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 New 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, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4) (c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 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 SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the New Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

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

British Virgin Islands

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

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

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the New Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the New Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the New Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the New Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: IB_Project_Shangcheng_II@cicc.com.cn

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Company's 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 Company. The Company 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 Company, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

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

Reversal of an Impairment Loss

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

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

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

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

Available-for-sale Financial Assets

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets are measured at fair value.

GENERAL INFORMATION

1. **Clearing Systems:** The Existing Bonds have been accepted for clearance by Euroclear and Clearstream under the Common Code 261857006 and the ISIN XS2618570068. On the New Issue Date, the New Bonds will be consolidated and form a single series with the Existing Bonds, and cleared by Euroclear and Clearstream under the same Common Code and ISIN as those for the Existing Bonds. The Legal Entity Identifier of the Issuer is 83680049BYW40C7ZBF04.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the New Bonds, the Trust Deed, the Agency Agreement and the Keepwell Deed. The issue of the New Bonds was authorised by resolutions of the sole director of the Issuer on 6 July 2023. The Company has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Trust Deed, the Agency Agreement, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking. The entry into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking was authorised by a resolution of the board of directors of the Company on 12 December 2022 and a resolution of the Company's shareholder on 20 March 2023.

3. **No Material Adverse Change**: As at the date of this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer, the Company or the Group since 31 December 2022.

4. **Litigation:** As at the date of this Offering Circular, none of the Issuer, the Company or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or Company believes are material in the context of the Bonds, and the entry into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, and so far as the Issuer and the Company are aware, no such proceedings are pending or threatened.

5. **Available Documents**: So long as any Bond is outstanding, copies of the Original Trust Deed, the Original Agency Agreement, the Original Keepwell Deed, the Original Deed of Equity Interest Purchase Undertaking, the Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Keepwell Deed and the Supplemental Deed of Equity Interest Purchase Undertaking will be available for inspection by the Bondholders from the New Issue Date following prior written request and satisfactory proof of holding and identity during normal office hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday, other than public holidays) at the principal office for the time being of the Trustee, being at the New Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

6. **Financial Statements**: The Company's Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Peking CPA as stated in its respective reports included herein.

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

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

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PRO FORMA AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

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