



东台惠民城镇化建设集团有限公司
Dongtai Huimin Urbanization Construction Group Co., Ltd.

DONGTAI HUIMIN URBANIZATION CONSTRUCTION GROUP CO., LTD.
(東台惠民城镇化建設集團有限公司)

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

EUR62,000,000 3.05 per cent. Credit Enhanced Bonds due 2025
with the benefit of an irrevocable Standby Letter of Credit issued by
Bank of Shanghai Co., Ltd., Nanjing Branch

Issue Price: 100.00 per cent.

The EUR62,000,000 3.05 per cent. credit enhanced bonds due 2025 (the "Bonds") will be issued by Dongtai Huimin Urbanization Construction Group Co., Ltd. (東台惠民城镇化建設集團有限公司) (the "Issuer" or the "Company"), a company incorporated in the People's Republic of China (the "PRC") with limited liability.

Payments of principal and interest in respect of the Bonds will have the benefit of an irrevocable standby letter of credit (the "Standby Letter of Credit") denominated in Euro and issued by Bank of Shanghai Co., Ltd., Nanjing Branch (the "LC Bank"). See "Appendix I — Form of Irrevocable Standby Letter of Credit" for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including 29 August 2022 (the "Issue Date") at the rate of 3.05 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear on 28 February and 29 August in each year, commencing on 28 February 2023. 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, counterclaim, 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 PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under "Terms and Conditions of the Bonds — Taxation".

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

The Issuer undertakes that it will (i) submit or cause to be submitted an application for the registration of the Bonds with State Administration of Foreign Exchange or its competent local branches ("SAFE") in accordance with, and within the time period prescribed by, the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and the Notice on Nationwide Implementation of the Macroprudential Management Policy of Overall Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People's Bank of China ("PBOC") on 12 January 2017 and which came into effect on the same date (the "SAFE Registration"); and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline (as defined in the Terms and Conditions of the Bonds), and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, any implementing measures promulgated thereunder from time to time.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC or its competent local counterparts ("NDRC") and effective as of 14 September 2015 and any implementation rules or applicable policies as issued by NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 23 December 2021 evidencing such registration. The Issuer will undertake to file or cause to be filed the requisite issuance information and documents with the NDRC within 10 Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date in accordance with the NDRC Circular and any implementation rules or applicable policies as issued by NDRC from time to time (the "NDRC Post-issue Filing") and comply with all applicable PRC laws and regulations in relation to the NDRC Post-issue Filing, see "Risk Factors — Risks Relating to the Bonds and the Standby Letter of Credit — Any failure to complete the relevant filings under the NDRC Circular and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the Bondholders".

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 29 August 2025 (the "Maturity Date"). The Bonds are subject to redemption, in whole but not in part, at 100 per cent. of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of the PRC. See "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons". Furthermore, at any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), each holder of the Bonds will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 100 per cent. of their principal amount, together in each case with any interest accrued to but excluding such Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for a Relevant Event".

If a Pre-funding Failure (as defined in the Terms and Conditions of the Bonds) occurs in respect of a scheduled payment of principal or interest payable under Condition 6 or Condition 7(a) of the Conditions, the Bonds shall be redeemed in whole, but not in part, on the Interest Payment Date (as defined in the Conditions) immediately falling after the date a Pre-funding Failure Notice (as defined in the Conditions) is given to the Bondholders in accordance with Condition 4(b) of the Conditions (the "Mandatory Redemption Date") at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date. See "Terms and Conditions of the Bonds — Redemption and Purchase".

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

The Bonds will be issued in the specified denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 12 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Professional Investors") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds will be represented initially by interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). 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 Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Sinolink
Securities (HK)

Central Wealth Securities
Investment Limited

BOSC
International

Joint Lead Managers and Joint Bookrunners

Zhongtai International

Industrial Bank Co., Ltd.
Hong Kong Branch

China CITIC Bank
International

Shanghai Pudong
Development Bank
Hong Kong Branch

SunRiver International
Securities Group Limited

China Galaxy
International

Tensant Securities

VMI Securities

Sinocon Securities
International Limited

Offering Circular dated 24 August 2022

NOTICE TO INVESTORS

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

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group (as defined below). The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirm, that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (together with the Issuer, the “**Group**”), the LC Bank, the Bonds and the Standby Letter of Credit which is material in the context of the issue, offering, sale and distribution of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer, the Group, the LC Bank, the Bonds and the Standby Letter of Credit 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 Group, the LC Bank and the rights attaching to the Bonds and the Standby Letter of Credit); (ii) the statements contained in this Offering Circular, are true and accurate in all material respects and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Group and the LC Bank are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the LC Bank, the Bonds, or the Standby Letter of Credit the omission of which would, in the context of the issue and offering of the Bonds make any statement, opinion or intention expressed in this Offering Circular misleading; (v) it has taken all reasonable care in the compilation and reproduction of the statements included in this Offering Circular relating to the LC Bank, which are based on, or derived or extracted from, among other sources, publicly available information which the Issuer believes to be accurate and reliable in all material respects; (vi) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; and (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds and giving of the Standby Letter of Credit described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Sinolink Securities (HK) Company Limited, Central Wealth Securities International Limited, BOSC International Company Limited, Zhongtai International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, China CITIC Bank International Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SunRiver International Securities Group Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Tensant Securities Limited, VMI Securities Limited and Sinocon Securities International Limited (together, the “**Managers**”) or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be

restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or their respective directors, officers, agents, employees, affiliates, representatives, advisers 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 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 Group or the LC Bank since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers,

agents, employees, affiliates, representatives, advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the LC Bank, the Standby Letter of Credit and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and none of them assumes any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them or on their behalf in connection with the Issuer or the issue and offering of the Bonds or the giving of the Standby Letter of Credit. The Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and their respective directors, officers, agents, employees, affiliates, representatives, advisers 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 Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, agents, employees, affiliates, representatives, advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE “STABILISING MANAGER”) OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER, PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE APPOINTED OR ACTING AS THE STABILISATION MANAGER, MAY OVER-ALLOT 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 STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING 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 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 ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective

affiliates, or affiliates of the Issuer, as investors 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 applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

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

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

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Managers, are “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the Code). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for this offering and are subject to additional requirements under the 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 Code as having an association (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 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 Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the 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 such a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the relevant 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 such

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 bank(s) which acts as a CMI in connection with this offering (“**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 Managers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

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

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

INDUSTRY AND MARKET DATA

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes the information to be reliable, it has not been independently verified by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group, the LC Bank and the terms of the offering, the Standby Letter of Credit and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer, is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**Mainland**” and “**China**” are to the People’s Republic of China (excluding Hong Kong, the

Macau Special Administrative Region of the People's Republic of China and Taiwan), all references to **"PRC government"** and the **"State"** means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them; all references to the **"United States"** and **"U.S."** are to the United States of America; all references to **"Hong Kong"** are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to **"Renminbi"**, **"RMB"** and **"CNY"** are to the lawful currency of the PRC; all references herein to **"euro"** or **"EUR"** means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended; and all references to **"U.S.\$"** and **"U.S. dollars"** are to the lawful currency of the United States of America.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.3726 to U.S.\$1.00 (the noon buying rate in New York City on 30 December 2021 as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System), and all translations from euro into U.S. dollars were made at the rate of EUR1.00 to U.S.\$1.1318 (being the Noon Buying Rate). Further information regarding exchange rate is set forth in *"Exchange Rates"* in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or vice versa.

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.

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

- **"NDRC"** are to the National Development and Reform Commission of the PRC or its local counterparts;
- **"SAFE"** are to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- **"Dongtai Municipal Government"** are to the People's Government of Dongtai City, Jiangsu Province (東臺市人民政府);
- **"Dongtai SAOG"** are to the Dongtai State-owned Assets Operation Group Co., Ltd. (東台市國有資產經營集團有限公司);
- **"Jiangsu Provincial Government"** are to the People's Government of Jiangsu Province (江蘇省人民政府);
- **"Yancheng Municipal Government"** are to the People's Government of Yancheng City, Jiangsu Province (鹽城市人民政府);

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

PRESENTATION OF FINANCIAL INFORMATION OF THE GROUP

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 2019, 2020 and 2021. The Issuer's consolidated financial information as at and for the year ended 31 December 2019 has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2020 (the "**2020 Audited Financial Statements**") included elsewhere in this Offering Circular. The Issuer's consolidated financial information as at and for the years ended 31 December 2020 and 2021 has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**2021 Audited Financial Statements**", together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**") included elsewhere in this Offering Circular. The Audited Financial Statements were audited by Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合伙)) ("**Da Hua**").

The Issuer's Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

FINANCIAL INFORMATION OF THE LC BANK

Any financial information of the LC Bank contained in this Offering Circular has been extracted from publicly available information. Copies of the audited consolidated financial statements of the LC Bank, as well as its public filings, can be downloaded free of charge from the websites of the LC Bank at <http://www.hzbank.com.cn/> and the websites of the Shanghai Stock Exchange at <http://www.sse.com.cn>. The consolidated financial statements are not included in nor incorporated by reference in this Offering Circular and do not form part of this Offering Circular. The information contained on the websites of the LC Bank is subject to change from time to time. Save for the representation given by the Issuer in this Offering Circular, no representation is made by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them, and none of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them, takes any responsibility for any information contained on the websites of the LC Bank.

ROUNDING

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements". All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are

forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

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

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group's competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- 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;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in "*Risk Factors*" below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" below and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. The Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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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.

OVERVIEW

Incorporated in 2010, the Group is a major state-owned infrastructure construction and urban development platform in Dongtai City, one of county-level cities in Yancheng City, Jiangsu Province, with a focus on project construction, trade, sales of resettlement housing and industrial park operation businesses in Dongtai City. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of Dongtai City by undertaking and completing a large number of strategically important construction projects in Dongtai City. As at the date of this Offering Circular, the Dongtai Municipal Government and Dongtai SAOG directly hold a 98.67% and 1.33% interest in the Issuer, respectively. The Issuer is directly and ultimately controlled by the Dongtai Municipal Government. As at 31 December 2021, the Group's total assets was RMB11,118.77 million. For the years ended 31 December 2019, 2020 and 2021, the Group's total operating income was RMB1,912.92 million, RMB3,649.19 million and RMB3,916.79 million, respectively. For the years ended 31 December 2019, 2020 and 2021, the Group's net profit was RMB80.18 million, RMB108.67 million and RMB103.25 million, respectively.

The Group primarily focuses on three major business segments, namely project construction, trade, sales of resettlement housing and industrial park operation. The Group also conducts other businesses, including landscaping, inspection and cleaning services. Set forth below is an overview of the major business segments of the Group:

- **Project Construction.** The Group is one of the primary infrastructure construction platforms in Dongtai City. The Group's project construction business primarily includes both infrastructure construction and resettlement housing businesses. The Group's project construction includes carrying out preparatory works, investment and construction of individual infrastructure construction and resettlement housing projects. As at 31 December 2021, the Group had completed 16 construction projects with a total investment amount of approximately RMB2,419.74 million. For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's infrastructure construction business was approximately RMB402.65 million, RMB609.52 million and RMB362.61 million, respectively, representing approximately 21.05 per cent., 16.70 per cent. and 9.26 per cent. of the Group's total operating income, respectively.
- **Trade.** The Group engages in trade business mainly through one of its subsidiaries, namely Dongtai Bosite Industrial Co., Ltd. (東台市博斯特實業有限公司) ("**Bosite**"). The trade products primarily include non-ferrous metals, log and chemical materials. For the years ended 31 December 2019, 2020 and 2021, the operating income from the trade business was approximately RMB1,494.94 million, RMB3,024.60 million and RMB3,157.08 million, respectively, representing approximately 78.15 per cent., 88.28 per cent. and 80.60 per cent. of the Group's total operating income, respectively.
- **Sales of Resettlement Housing.** Having commenced in January 2020, the Group conducts its sales of resettlement housing business through the Issuer. The Group has been mandated by the Dongtai Municipal Government to construct and sell resettlement housing for the resettlement of former residents of land expropriated for the development of the related area in accordance with the government's policy. For the years ended 31 December 2021, the operating income from the

Group's sales of resettlement housing business was approximately RMB369.90 million, representing approximately 9.44 per cent. of the Group's total operating income.

- **Industrial Park Operation.** The Group conducts its industrial park operation business through the Issuer. The Group owns one industrial park, i.e. China Europe (Dongtai) Science and Technology Industrial Park (中歐(東台)科技產業園). The Group leases industrial factory buildings to enterprise tenants and generate revenue. For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's industrial park operation business was approximately RMB1.57 million, RMB0.71 million and RMB0.64 million, respectively, representing approximately 0.08 per cent., 0.02 per cent. and 0.02 per cent. of the Group's total operating income, respectively.
- **Other Businesses.** The Group engages in other business operations that complements to its main business segments. The Group's other businesses primarily include landscaping, inspection and cleaning services. For the year ended 31 December 2019, 2020 and 2021, the operating income generated from the Group's other businesses was approximately RMB13.76 million, RMB14.36 million and RMB26.56 million, respectively, representing approximately 0.72 per cent., 0.39 per cent. and 0.68 per cent. of the Group's total operating income, respectively.

COMPETITIVE STRENGTHS

The Group believes the following competitive strengths distinguish it from its competitors and are important to its success and future development:

- One of the primary state-owned infrastructure construction and urban development platforms in Dongtai City, Jiangsu Province;
- Strong and continuous governmental support;
- Access to diverse source of funding;
- Sound and effective corporate governance and internal control; and
- An experienced management and operations team.

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

- Persist with a focus on project construction, trade, sales of resettlement housing and industrial park operation in Dongtai City;
- Explore new business opportunities and diversify sources of revenue;
- Continue to enhance financial management and risk control system;
- Continue to build a professional management team; and
- Attract, motivate and retain high-quality talent.

RECENT DEVELOPMENT

See "*Description of the Group — Recent Developments*" for details.

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	Dongtai Huimin Urbanization Construction Group Co., Ltd. (東台惠民城鎮化建設集團有限公司).
LC Bank	Bank of Shanghai Co., Ltd., Nanjing Branch.
The Bonds	EUR62,000,000 3.05 per cent. Credit Enhanced Bonds due 2025.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof.
Issue Date	29 August 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 29 August 2022 at the rate of 3.05 per cent. per annum, payable semi-annually in arrear on 28 February and 29 August in each year, commencing on 28 February 2023.
Maturity Date	29 August 2025.
Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Holders of the Bonds, and for the account of the Issuer, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the “ Demand ”) stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under the Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) of the Conditions; or (ii) an Event of Default (as defined in the Conditions) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 of the Conditions.

Only one drawing under the Standby Letter of Credit is permitted. Such drawing on the Standby Letter of Credit will be payable in Euro in immediately available funds to or to the order of the Trustee and at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

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

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Euro and shall not in any circumstances exceed EUR63,948,090.40 (the "**Maximum Limit**"), which includes an amount representing the aggregate principal amount of EUR62,000,000 of the Bonds plus interest payable for one Interest Period (as defined in the Conditions) in accordance with the Conditions plus any fees, expenses and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed and the Agency Agreement. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 29 September 2025 (the "**Expiry Date**").

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

Pre-funding

In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment:

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

- (ii) deliver to the Trustee and the Principal Paying Agent by facsimile or by way of scanned copy in email followed by original as soon as practicable (X) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined in the Conditions), and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the “**Required Confirmations**”).

The Pre-funding Account Bank shall notify the Trustee as soon as reasonably practicable but no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a “**Pre-funding Failure**”), the Trustee shall:

- (A) as soon as reasonably practicable notify the LC Bank and the LC Proceeds Account Bank by facsimile or by SWIFT of the occurrence of the Pre-funding Failure;
- (B) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date, give notice (the “**Pre-funding Failure Notice**”) substantially in the form set out in the Trust Deed to the Bondholders of (I) the Pre-funding Failure and (II) the redemption of the Bonds in accordance with Condition 7(d) of the Conditions to occur as a result of the Pre-funding Failure; and

(C) by no later than 5:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date, issue a Demand to the LC Bank for an amount not exceeding the Maximum Limit to specify the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date and all fees, costs, expenses, indemnity payments and all other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, provided that, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank, or in the event that the SWIFT system is unavailable for any reason, via facsimile transmission as contemplated in the Standby Letter of Credit).

If the LC Bank receives such Demand by 5:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day (or, if such Demand is received by the LC Bank after 5:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day), pay to or to the order of the Trustee the amount in Euro specified in the Demand in immediately available and cleared funds in accordance with the instructions specified in the Demand.

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

Status of the Bonds	The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> 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, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
Events of Default	The Bonds will contain certain events of default, including without limitation, certain events of default in respect of the LC Bank, as further described in Condition 10 of the Conditions.

Cross-Default The Bonds will contain a cross-default provision in respect of present or future indebtedness for or in respect of moneys borrowed or raised or any present or future guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries which equals or exceeds U.S.\$20,000,000 or its equivalent. See Condition 10(a)(iii) of the Conditions. The Bonds will contain a cross-default provision in relation to the LC Bank as further described in Condition 10(b)(i) of the Conditions.

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, counterclaim, 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 PRC or any political subdivision or any authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at a rate of up to and including the aggregate rate applicable on 24 August 2022 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in the circumstances set out in Condition 9 of the Conditions.

Final Redemption Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for a Relevant Event Following the occurrence of a Relevant Event (as defined in the Conditions), the Holder of any Bond will have the right, at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds at 100 per cent. of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date, as further described in Condition 7(c) of the Conditions.

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 and the names and addresses of all Paying Agents (as defined in the Conditions) and the method by which payment shall be made, to the Bondholders in accordance with Condition 17 of the Conditions (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount, together with any interest accrued to but excluding the date fixed for redemption, if, immediately prior to the giving of such notice, the Issuer satisfies the Trustee that:

- (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 August 2022; 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, as further described in Condition 7(b) of the Conditions.

Mandatory Redemption upon

Pre-funding Failure

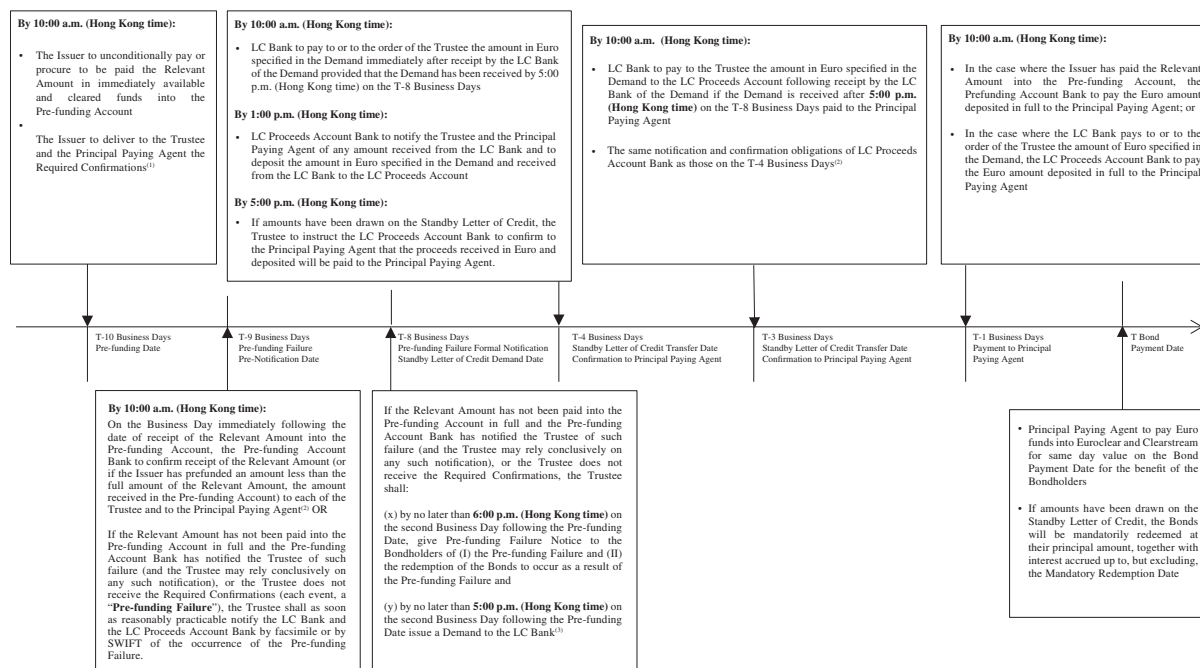
The Bonds shall be redeemed in whole, but not in part, on the Interest Payment Date (as defined in the Conditions) immediately falling after the date a Pre-funding Failure Notice (as defined in the Conditions) is given to the Bondholders in accordance with Condition 4(b) of the Conditions (the "**Mandatory Redemption Date**") at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date, as further described in Condition 7(d) of the Conditions.

Further Issues	<p>The Issuer is at liberty from time to time without the consent of the Bondholders and in accordance with the Trust Deed to create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions) and so that the same shall be consolidated and form a single series with the outstanding Bonds. References in the Conditions to the Bonds include (unless the context requires otherwise) any further securities issued pursuant to Condition 16 of the Conditions. However, such further securities may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit represents an increase at least equal to the principal of and interest payment due on such further bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue (subject to a cap (if any) as agreed between the Issuer and the Trustee)); and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed, as further described in Condition 16 of the Conditions.</p> <p style="text-align: center;">See “<i>Terms and Conditions of the Bonds — Further Issues</i>”.</p>
Trustee	CMB Wing Lung (Trustee) Limited.
Registrar, Principal Paying Agent and Transfer Agent	CMB Wing Lung Bank Limited.
Pre-funding Account Bank and LC Proceeds Account Bank	CMB Wing Lung Bank Limited.
Clearing Systems	<p>The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be affected 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 interests in the Global Certificate.</p>
Clearance and Settlement	<p>The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 251211809 and the ISIN for the Bonds is XS2512118097.</p>

Notices and Payment	So long as the Global Certificate is held on behalf of Euroclear or Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Legal Entity Identifier (LEI)	300300VLXGPYVPJE1R76.

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

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with “Terms and Conditions of the Bonds”, the Trust Deed, the Agency Agreement and “Appendix I — Form of Irrevocable Standby Letter of Credit”. Words and expressions defined in the Terms and Conditions of the Bonds shall have the same meaning in this summary.



Notes:

- (1) The Required Confirmations consist of: (x) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer; and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment.
- (2) The confirmation from the Pre-funding Account Bank to each of the Trustee and the Principal Paying Agent shall be by way of authenticated SWIFT or other means of communication as the Trustee and the Principal Paying Agent may in its discretion agree with the Pre-funding Account Bank.
- (3) The Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank (or, in the event that the SWIFT system is unavailable for any reason, via facsimile transmission as contemplated in the Standby Letter of Credit).

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021, as set forth below, has been extracted from the Issuer's 2020 Audited Financial Statements and 2021 Audited Financial Statements, which are included elsewhere in this Offering Circular. The Issuer's Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Da Hua.

PRC GAAP differs in certain material respects from IFRS. The Issuer 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" in this Offering Circular.

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

Summary Consolidated Balance Sheet

	As at 31 December		
	2019	2020	2021
	(RMB) (Audited)	(RMB) (Audited)	(RMB) (Audited)
Current assets:			
Cash and bank	557,609,515.10	924,578,599.39	1,472,767,610.72
Accounts receivable	1,122,770,666.12	1,372,479,553.66	1,689,871,245.73
Prepayments	84,111,242.16	16,447,614.46	413,535.44
Other receivables	707,089,748.98	1,962,283,550.11	2,546,118,987.21
Inventories	2,865,089,136.40	2,935,645,392.35	3,867,853,332.15
Other current assets	604.62	26,301.61	66,748.80
Total current assets	5,336,670,913.38	7,211,461,011.58	9,577,091,460.05
Non-current Assets:			
Investment properties	–	–	502,207,214.00
Fixed assets	1,578,108.03	43,416,850.21	3,505,143.02
Construction in progress	663,956,023.06	959,593,932.83	1,029,582,994.89
Intangible assets	6,669,134.64	6,526,224.61	6,383,314.58
Total non-current assets	672,203,265.73	1,009,537,007.65	1,541,678,666.49
Total assets	6,008,874,179.11	8,220,998,019.23	11,118,770,126.54
Current liabilities:			
Short-term borrowings	329,500,000.00	401,500,000.00	559,000,000.00
Notes payable	89,000,000.00	524,900,000.00	759,000,000.00
Accounts payable	3,563,266.49	34,771,843.82	31,160,810.21
Payments received in advance	84,019,740.00	–	–
Contract liabilities	–	5,250,832.67	698.11
Employee benefits payable	280,000.00	810,000.00	280,000.00
Tax payable	157,901,246.46	216,434,839.48	270,951,714.06
Other payables	95,079,946.00	128,139,325.72	214,439,529.75
Current portion of non-current liabilities	348,909,034.00	763,263,398.00	641,441,542.12
Other current liabilities	–	567,823.85	41.89
Total current liabilities	1,108,253,232.95	2,075,638,063.54	2,476,274,336.14
Non-current liabilities			
Long-term borrowings	541,950,000.00	618,650,000.00	1,434,030,000.00
Bonds payable	882,045,699.39	1,787,703,606.07	2,778,806,516.08
Long-term payables	352,062,306.00	367,798,908.00	537,483,732.09
Deferred tax liabilities	–	–	18,245,179.96
Total non-current liabilities	1,776,058,005.39	2,774,152,514.07	4,768,565,428.13
Total liabilities	2,884,311,238.34	4,849,790,577.61	7,244,839,764.27

	As at 31 December		
	2019	2020	2021
	<i>(RMB)</i> <i>(Audited)</i>	<i>(RMB)</i> <i>(Audited)</i>	<i>(RMB)</i> <i>(Audited)</i>
Equity:			
Paid-in capital	1,080,000,000.00	1,500,000,000.00	1,500,000,000.00
Capital reserves	1,445,277,186.00	1,163,251,625.00	1,507,993,325.00
Other comprehensive income	–	–	54,735,539.89
Surplus reserves	61,439,114.13	70,200,995.61	78,824,271.48
Undistributed profits	536,622,788.56	635,556,461.16	729,971,237.56
Equity attributable to parent company	3,123,339,088.69	3,369,009,081.77	3,871,524,373.93
Non-controlling interests	1,223,852.08	2,198,359.85	2,405,988.34
Total owners' equity	3,124,562,940.77	3,371,207,441.62	3,873,930,362.27
Total liabilities and owners' equity	6,008,874,179.11	8,220,998,019.23	11,118,770,126.54

Summary Consolidated Income Statement

	For the year ended 31 December		
	2019	2020	2021
	<i>(RMB)</i> <i>(Audited)</i>	<i>(RMB)</i> <i>(Audited)</i>	<i>(RMB)</i> <i>(Audited)</i>
I. Total Operating Income	1,912,922,530.52	3,649,185,032.28	3,916,794,516.39
Less: Operating costs	1,876,326,583.73	3,592,373,056.22	3,846,711,255.00
Taxes and surcharges	2,821,803.44	4,713,628.35	8,156,409.37
Administrative expenses	8,294,346.41	8,295,892.09	18,629,912.92
Finance expenses	36,050,936.16	75,231,610.48	91,155,060.29
Including: Interest expenses	32,687,270.81	66,492,881.07	82,888,888.73
Interest income	3,679,227.66	2,066,833.36	9,077,104.51
Add: Other income	95,990,770.40	147,586,011.92	154,671,377.28
Credit impairment losses (“-” denotes losses)	–	–	–4,528,779.54
Asset impairment losses (“-” denotes losses)	–5,170,754.23	–7,562,325.08	–
II. Operating Profit (“-” denotes losses)	80,248,876.95	108,594,531.98	102,284,476.55
Add: Non-operating income	95,074.06	202,848.98	1,055,278.24
Less: Non-operating expenses	163,730.00	124,841.10	94,074.03
III. Profit before tax (“-” denotes losses)	80,180,221.01	108,672,539.86	103,245,680.76
Less: Income tax	913.41	2,478.01	–
IV. Net Profit (“-” denotes losses)	80,179,307.60	108,670,061.85	103,245,680.76
(I) Net profit classified by going concern			
Net Profit from continuing operations	80,179,307.60	108,670,061.85	103,245,680.76
(II) Net profit classified by ownership			
Net profit attributable to parent company			
(“-” denotes losses)	80,244,950.37	107,695,554.08	103,038,052.27
Net profit attributable to non-controlling interests			
(“-” denotes losses)	–65,642.77	974,507.77	207,628.49
V. Other comprehensive income after tax	–	–	54,735,539.89
Other comprehensive income after tax attributable to parent company	–	–	54,735,539.89
(I) Items of other comprehensive income that will not be reclassified to profit or loss	–	–	–
(II) Items of other comprehensive income that will be reclassified to profit or loss	–	–	54,735,539.89
VI. Total comprehensive income	80,179,307.60	108,670,061.85	157,981,220.65
Total comprehensive income attributable to parent company	80,244,950.37	107,695,554.08	157,773,592.16
Total comprehensive income attributable to non-controlling interests	–65,642.77	974,507.77	207,628.49

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully 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 Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer to pay interests, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer or the Group on information currently available to them or which they are currently unable to anticipate. Additional risks and uncertainties not presently known to the Group or which the Group currently deems immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Group believes may be material for the purpose of assessing the market risks associated with the Bonds are described below. The Group believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Group to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Group does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's businesses, financial conditions, results of operations and prospects are heavily dependent on the level of economic development of Dongtai City, Yancheng City, Jiangsu Province and the PRC.

The Group's businesses and assets are highly concentrated in Dongtai City of Yancheng City, Jiangsu Province. Therefore, the Group's businesses, financial conditions, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development of Dongtai City of Yancheng City, Jiangsu Province and China.

The future prospects of economy of the Dongtai City, Yancheng City, Jiangsu Province and China 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 Dongtai City of Yancheng City and Jiangsu Province will be affected by the slowdown in the growth of China's economy. According to the National Statistic Bureau, the GDP growth rate of China decreased from 9.5 per cent. in 2011 to 6.9 per cent. in 2015, and further to 6.1 per cent. in 2019. Furthermore, due to the outbreak of COVID-19, China's GDP growth was 2.3 per cent. in 2020, a record low GDP growth rate since 1978.

It is difficult to predict how the economic development of Dongtai City of Yancheng City will be affected by a slowdown in the growth of the China's economy, and there can be no assurance that the policies and measures adopted by the PRC Government will be effective in stimulating the recovery of the economy in China. There can be no assurance that the level of economic development in Dongtai City of Yancheng City will continue to be maintained at the past rate of growth, if at all. If economic growth slows down, adverse changes in social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in Dongtai City of Yancheng City, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Dongtai Municipal Government can exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its activities, or impose new obligations on the Group that may not be in the Group's best interest.

The Group is a wholly state-owned company. As at the date of this Offering Circular, the Dongtai Municipal Government and Dongtai SAOG directly hold a 98.67% and 1.33% interest in the Issuer, respectively. The Issuer is directly and ultimately controlled by the Dongtai Municipal Government. As the ultimate controller of the Group, the Dongtai Municipal Government is in the position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions, merger and acquisition, appointment of senior management team and dividend policy. The Dongtai Municipal Government may use their ability to influence the Group in a manner that may not be in the Group's best interest.

The Dongtai Municipal Government may also change their policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment, its projections of population and employment growth. Any amendment, modification or repeal could modify the existing regulatory regime and materially and adversely affect the Group's financial condition and results of operations.

A reduction or discontinuance of government support could materially and adversely affect the financial conditions and results of operations of the Group.

In light of the strategic importance of some of the Group's businesses to Dongtai City of Yancheng City, the Group has received various kinds of support (excluding credit support or guarantees provided by the government) from the Dongtai Municipal Government to support its investments in and operation of those businesses. For the years ended 31 December 2019, 2020 and 2021, the aggregate fiscal subsidies provided to the Group amounted to approximately RMB95.99 million, RMB147.59 million and RMB154.80 million, respectively.

There can be no assurance that the Dongtai Municipal Government will continue to provide support to the Group or that the fiscal subsidies, asset transfers, government capital contributions or other types of government support will not be adjusted or terminated due to changes in government policy or otherwise.

If favourable fiscal subsidies, asset transfers, government capital contributions or other incentives which are currently available to the Group are reduced, eliminated or delayed in the future, some of the Group's businesses may no longer be viable, and the financial conditions and results of operations of the Group may be materially and adversely affected.

The PRC Government (including but not limited to the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal Government) has no obligation to pay any amount under the Bonds.

The PRC government (including the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal 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. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (the "MOF Circular") promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "Joint Circular") promulgated on 11 May 2018 and took effect on the same day.

Any ownership or control by the PRC government (including the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal Government) does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. None of the PRC government, the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal Government has any obligation to pay any amount under the Bonds. Investments in the Bonds are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person including the PRC government, the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal Government, any other local or municipal government authorities and/or any other member of the Group. As the MOF Circular and the Joint Circular are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties and any adverse interpretation and enforcement of such laws and regulations in the future may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's businesses and prospects to a large extent depend upon the spending or budget of the Dongtai Municipal Government on infrastructure construction.

The Group is ultimately controlled by the Dongtai Municipal Government and a major state-owned infrastructure construction and urban development platform in Dongtai City, Jiangsu Province, with a focus on project construction, industrial park operation and trade businesses in Dongtai City. As many of these businesses operate in sectors of public interest, governmental agencies and state-owned enterprises are among the Group's major customers and the Group's businesses are to a large extent funded by the Dongtai Municipal Government. Grants and subsidies from the government is an important source of working capital and such support substantially strengthens the Group's profitability and ability to invest in large-scale capital-intensive infrastructure construction and industrial park operation projects. Due to the nature of the Group's businesses, its business and financial performance may be materially affected by changes in the spending or budget of the Dongtai Municipal Government, especially by any significant reduction in the Dongtai Municipal Government's public spending. The Group's businesses and prospects have historically been, and may continue to be, affected by the public spending or budget of the Dongtai Municipal Government on infrastructure construction in Dongtai City.

There are a number of factors affecting the Dongtai Municipal Government's spending and budget on infrastructure construction. The key factors include government policies and priority relating to the development of different industries and the Dongtai Municipal Government's fiscal and monetary policies. Such spending and budget are also affected by the government income and the general economic condition of Jiangsu Province of PRC. Any slowdown in the overall economic conditions of the Dongtai City, Yancheng City, Jiangsu Province or PRC may affect the economic development of Dongtai City and the fiscal conditions of the Dongtai Municipal Government, which may in turn materially and adversely affect the spending and budget of the Dongtai Municipal Government on infrastructure construction in Dongtai. See "*— The Group's businesses, financial conditions, results of operations and prospects are heavily dependent on the level of economic development of Dongtai City, Yancheng City, Jiangsu Province and the PRC*". If the spending or budget of the Dongtai Municipal Government on infrastructure construction decreases, the Group's businesses, financial conditions, results of operations and prospects may be materially and adversely affected.

The Group's business operations are capital intensive and any failure to obtain sufficient capital resources on acceptable terms or in a timely manner may materially and adversely affect its business and prospects.

The Group requires, and will continue to require substantial capital resources to support its business operations and expansion. for its projects such as project construction and industrial park operation. The Group has historically satisfied its capital requirement with the cash flow generated from its operating activities, bank loans and other borrowings, issues of bonds in the PRC and subsidies from the Dongtai Municipal Government. The Group will continue to require substantial capital resources to support its business operations and expansion.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, the local government's payment schedule, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any adverse changes in any of these factors, which may be beyond the Group's control, may result in a capital shortfall. In particular, any delays in the payment by the government and the government funding and cost overruns inherent may also cause such shortfall. There is no assurance that the Group's operations are able to generate sufficient cash to satisfy its cash need at all times, if at all. See “— *The Group has historically experienced negative net operating cash flows*”.

The Group has historically experienced negative net operating cash flows.

For the years ended 31 December 2019, 2020 and 2021, the Group had negative net operating cash flow of RMB198.05 million, RMB1,102.95 million and RMB1,122.76 million, respectively. The Group's negative net operating cash flow was largely attributable to a mismatch between the development timetable of its construction projects and the schedule of payments to be made by the government. Although a number of infrastructure construction and resettlement housing projects were launched in Dongtai City in recent years, the Group will only start receiving payments from the government upon the completion of the relevant projects and such payment may be delayed due to various reasons which are beyond the Group's control.

As the Group anticipates continued expansion of its infrastructure construction businesses, it expects to continue to require significant capital expenditure. There can be no assurance that its negative operating cash flow will be happened in the future, if at all. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, which may increase its financial vulnerability and may adversely affect its financial condition and results of operations.

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

The Group relies on bank loans to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2021, the Group's total interest-bearing indebtedness (comprising short-term and long-term borrowings, non-current borrowings due within one year, bonds payable and long-term payables) was approximately RMB5,950.76 million. As at 31 December 2021, the Group had total credit facilities of approximately RMB2,684.38 million, of which approximately RMB1,970.62 million had not been utilised. Substantial indebtedness could impact on the Group's businesses in a number of ways, including:

- requiring the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;

- limiting the Group’s flexibility in planning for or responding to changes in the Group’s businesses and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Group’s indebtedness, among other things, the Group’s ability to borrow additional funds; and
- increasing the Group’s vulnerability to adverse general economic and industry conditions.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender’s prior consent. Such restrictions may negatively affect the Group’s ability to respond to changes in market conditions, pursue the 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 outstanding financial obligation, such as the Bonds after issuance.

If the Group or any of its subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Group or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some financing agreements of the Group may contain cross-acceleration or cross-default provisions, which give creditors under these financing agreements to require the Group to immediately repay their loans or declare on the borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, there can be no assurance that the Group will be able to obtain the lenders’ waiver in a timely manner or that the assets and cash flow of the Group or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Group or its subsidiaries would be able to find alternative financing. Even if the Group and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group or, as the case may be, its subsidiaries.

As at 31 December 2021, assets of the Group with a total book value of approximately RMB1,756.65 million were provided as security to secure the loan facilities of the Group or its subsidiaries. Third-party security rights may limit the Group’s use of the underlying collateral assets and materially and adversely affect its operation efficiency. If the Group and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may materially and adversely affect the Group’s businesses, financial conditions, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As a designated entity controlled by the Dongtai Municipal Government to carry out project construction, trade, sales of resettlement housing, industrial park operation and other businesses in Dongtai City, the Group collaborates with various governmental authorities and their controlled entities in conducting its businesses. Although the Group believes that it currently maintains close working relationships with those governmental authorities and their controlled entities relevant to its businesses, there is no assurance that such close working relationships will be maintained in the future. 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 contractual obligations in a timely manner, if at all, (iv) change

existing policies and project plans without prior notice or consent from the Group for reasons such as government budgeting, (v) encounter financial difficulties, or (v) have disputes with the Group as to the contractual terms or other matters. In addition, the Group mainly contracts with the Dongtai Municipal Government or other governmental authorities or follows investment plans issued by governmental authorities to develop a large number of construction projects in Dongtai City. There is no assurance that the Group will be able to successfully resolve any material disagreement with the Dongtai Municipal Government or any of the contracting counterparties controlled by the Dongtai Municipal Government in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group and the Dongtai Municipal Government, which may in turn materially and adversely affect the Group's businesses, financial conditions, results of operations and prospects.

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

As at 31 December 2019, 2020 and 2021, the Group's accounts receivable amounted to RMB1,122.77 million, RMB1,372.48 million and RMB1,689.87 million, respectively, representing 18.69 per cent., 16.69 per cent. and 15.20 per cent. of the Group's total assets, respectively. The Group's accounts receivable mainly comprises of the outstanding advance payment for construction materials and construction fees owed by the Finance Bureau of Dongtai Economic Development Zone of Jiangsu Province (江蘇東台經濟開發區財政金融局).

As at 31 December 2019, 2020 and 2021, the Group's other receivables amounted to RMB707.09 million, RMB1,962.28 million and RMB2,546.12 million, respectively, representing 11.77 per cent., 23.87 per cent. and 22.90 per cent. of the Group's total assets, respectively.

There are inherent risks associated with the government and the Group's other customers' ability to make timely payments which may impair the Group's accounts receivable and other receivables. Any failure by governmental authorities or the Group's other customers to make timely payments could materially and adversely affect the value of the Group's accounts receivable, other receivables and its liquidity and in turn affect its businesses, financial conditions or results of operations.

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

Some of the Group's construction projects are conducted under a business model where the Group undertakes construction projects and the local government is responsible for the payment of the relevant costs and expenses. For such construction projects, the payments are usually made in instalments over a relatively long period, and sometimes a large portion of the agreed payment is paid only after the testing and inspection of the project are completed and the project is approved for use. On the other hand, the Group starts incurring costs, such as material, equipment and labour costs, from the beginning of the project and before achieving any payment from the local government, and thus bears the risk of pre-paying costs and expenditures for each construction project. Therefore, any delay or default in the payments to the Group may increase the Group's cash flow pressure which will in turn increase its financial vulnerability and adversely affect its financial condition 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 and the subsequent acceptance by the government. As at 31 December 2019, 2020 and 2021, the Group's inventories amounted to RMB2,865.09 million, RMB2,935.65 million and RMB3,867.85 million, respectively, representing 47.68 per cent., 35.71 per cent. and 34.79 per cent. of the Group's total assets, respectively. As at 31 December 2021, the Group's inventories mainly comprise land to be

developed, engineering projects and raw materials. Nevertheless, in accordance with the Group's accounting policies, the Group had not made provision for inventory price changes in the past three years. Therefore, a significant decrease in the value of land the Group holds could materially and adversely affect the Group's businesses, financial conditions, results of operations or prospects.

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 three major business segments, namely project construction, trade, sales of resettlement housing and industrial park operation. The Group also conducts other businesses, including landscaping, inspection and cleaning services. 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, markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

In addition, successful operation of the Group requires an effective management system. As the Group continues to grow its businesses, and expand into various industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system.

The Issuer also provides guarantees and other support to certain of its subsidiaries in various lines of businesses. For instance, the Group acts as a guarantor for the borrowings of certain subsidiaries. If a subsidiary defaults on any borrowings lent or guaranteed by the Issuer, the Issuer will not receive the repayment as planned or the relevant creditor may exercise its right under the guarantee to demand repayment from the Issuer. The occurrence of either of these types of events may result in a funding shortage of the Issuer and may materially and adversely affect the Issuer's ability to provide financial support to its other subsidiaries. If the Issuer's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which in turn may have a material and adverse impact on the Group's businesses, financial conditions and results of operations.

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

The Group has substantial indebtedness outstanding. As at 31 December 2021, the Group's total interest-bearing indebtedness (comprising short-term and long-term borrowings, non-current liabilities due within one year and bonds payable) was approximately RMB5,950.76 million. Some of the Group's indebtedness bears interest that accrues at interest rates linked to benchmark lending rates published by PBOC. Any material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and in turn affects its results of operations. The PRC government from time to time adjusted interest rates as implementation of the PRC government's economic and monetary policies. Since the outbreak of the global financial crisis in 2008, the PBOC progressively lowered the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. On 20 July 2013, pursuant to the Notice on Further Promoting the Market-oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), the PBOC abolished the regulation of the benchmark lending rates for financial institutions and began allowing lending rates to be determined by financial institutions pursuant to market principles, known as the loan prime rate (the "LPR"). On 28 December 2019, the PBOC issued the Announcement on Matters Concerning the Shift of the Pricing Benchmark for Existing Floating Rate Loans to the LPR (關於存量浮動利率貸款的定價基準轉換為LPR的公告), which provides that financial institutions shall not

be allowed to enter into floating rate loan contracts based on the benchmark lending rates after 1 January 2020, and, in principle, the shift of pricing benchmark for existing floating rate loans from the benchmark lending rates to the LPR should be completed before 31 August 2020. As at the date of this Offering Circular, all of the Group's bank loans bear interest that benchmarks the LPR. Although the Group's financial condition and results of operations may benefit from the current low-interest environment, there is no assurance that this environment will continue. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect the Group's profitability, financial condition and results of operations.

The Group may not successfully implement its growth strategy.

The Group has historically been focused on infrastructure construction business in Dongtai City. Over the years, it has diversified its businesses into project construction, trade, sales of resettlement housing, industrial park operation and others. The Group continues to develop these new businesses while maintaining sustainable growth of its core businesses as one of its strategies for the future. Whether the Group could successfully implement this strategy depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. For example, the success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material and adverse impact on its businesses, financial conditions and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system for the Group's infrastructure construction and industrial park operation businesses. 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 programs 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 construction 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 a material and adverse effect on the Group's businesses and operations.

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

The Group is required to comply with extensive environmental, safety and health regulations in China. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licenses 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 31 December 2021, the Group has not received any notice regarding non-compliance with the applicable safety regulations or requirements from any government authority. In addition, PRC laws and regulations are constantly evolving. 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 businesses may be materially and adversely affected if it is unable to retain and hire qualified employees.

The success of the Group's businesses is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial conditions 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 projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and materially and adversely affect its revenue and financial conditions.

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 affects its reputation. Such misconduct could include:

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

- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other 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 may encounter problems with the Group's joint projects and disputes with the Group's business partners may materially and adversely affect the Group's businesses, financial conditions and results of operations.

In the course of the Group's businesses, the Group has in the past formed, and may in the future continue to form, joint ventures or other cooperative relationships with other parties to jointly engage in certain business activities. The Group may bear joint and several liabilities to the project owners or other parties with the Group's business partners under the relevant agreements, and as a result, the Group may incur damages and other liabilities for any defective work or other breaches by other business partners. In addition, if there are disagreements between the Group and its business partners regarding the business and operations of the joint projects, there is no assurance that these disagreements can be resolved in a manner that will be in the Group's best interests. Certain major decisions, such as selling or refinancing these projects, may require the consent of all other partners. These limitations could materially and adversely affect the Group's ability to sell, refinance or otherwise operate and profit from these projects.

Any of these and other factors may have a material and adverse effect on the performance of the Group's joint projects and expose such projects to a number of risks, including the risk that these projects may not be able to fulfil their obligations under contracts with customers, resulting in disputes not only between the Group and its partners, but also between the joint ventures and their customers, or create unexpected complications. Such a material and adverse effect on the performance of the joint projects may in turn materially and adversely affect the Group's businesses, financial conditions and results of operations.

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

Certain business activities of the Group, such as infrastructure construction and industrial park operation are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licenses and permits from different governmental authorities. For example, the Group is required to obtain a project approval and the environmental assessment approval at the outset of the project, and as the projects progress, it needs to receive the construction land planning permit (建設用地規劃許可證), the land use right certificate (土地使用權證書), the environment impact evaluation approval (環境影響評價批覆), the construction project planning permit (建設工程規劃許可證) and the construction permit (建築工程施工許可證) at different stages of development. It takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licenses, permits and certificates necessary for conducting businesses. As at 31 December 2021, the Group has obtained all aforesaid approvals, licences, permits and certificates for its projects under construction save for those which are not required to obtain or complete obtaining as at the date hereof. Failure to obtain the necessary approvals, licenses or permits in a timely manner could result in delay or

suspension of business operations and a failure to obtain the necessary approvals, licenses or permits may subject the relevant entities to regulatory or administrative penalties.

Governmental authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licenses, certificates and government authorizations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licenses 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, licenses and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material and adverse effect on the Group's businesses, financial conditions, results of operations and prospects.

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

The Group generally engages third-party contractors for its infrastructure construction and industrial park operation projects. 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 to undertake additional infrastructure development projects by the government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to price controls in certain markets and may not be able to pass on its increased costs to its customers.

The Group is subject to government's price controls in certain markets. For example, the rental price of factory buildings of the Group's industrial park is, to a certain extent, controlled and determined by the Dongtai Municipal Government and the relevant price control authorities. There can be no assurance that the relevant price control authorities will increase the relevant sales prices to take into account of any future increase in the construction costs such as the raw material cost, or that the price control authorities will not lower the existing sales prices. If the Group is not able to pass on its increased construction costs or the impact of any price adjustments to its customers in a timely manner, the Group's businesses, financial conditions and results of operations may be materially and adversely affected.

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

The Group's development projects require substantial capital expenditures prior to and during the construction period. One, two or several years may elapse before the government's buyback of specific project. The progress and costs for a development project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;
- changes in market conditions;
- delays in or increased costs of relocation of existing residents or demolition of existing structures;

- unforeseen engineering, design, environmental, structural or geographic problems;
- shortages or increased costs of materials, equipment, contractors and skilled labour;
- labour disputes;
- adverse influence caused by other construction projects not undertaken by the Group;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of historic and cultural relics in the construction site; and
- changes in government policies or in applicable laws or regulations.

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

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

Some of the past projects developed by the Group involved relocation of indigenous residents and businesses, and the Group believes that similar situations may recur when it develops its future projects. There is no assurance that the relocation of indigenous residents or businesses will proceed smoothly or they will agree to the relocation plan approved by the government authority. If any indigenous resident or business disagrees with the relocation plan, the disagreement will be submitted to the relevant township government for the authority's determination. The relevant land authority will then make a decision as to the proper relocation compensation which may differ from the original proposal and result in higher compensation payment and delays in the development schedules. In addition, the amount of compensation to be paid is subject to PRC governmental regulations and can be changed at any time. Any increases of compensations required or delays of such relocations may result in increase of the Group's project development costs and overall delays in the Group's development schedules, which may in turn materially and adversely affect the Group's business, financial condition 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 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 of the Group 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 is generally one of the largest components of the Group's cost of sales for its properties. If the Group cannot pass any or all of the increased costs on to its customers, its profitability could be adversely affected.

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

The Group relies on third-party contractors to carry out its infrastructure construction and industrial park operation projects. Such businesses are labour intensive. However, in recent years, work stoppages, employee suicide and other similar events in certain cities in China have caused the government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by enterprises in China in general, including the contractors participating in the Group's projects. As the Group is responsible for making progress payments to its third-party contractors in its infrastructure construction and property development businesses, any increase in the labour costs of those third-party contractors may negatively affect the Group's cash flow, which could materially and adversely affect the Group's businesses, prospects and results of operations.

In addition, strikes or other labour unrests 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. Such actions are beyond the Group's foreseeability or control. There is no assurance that labour unrest will not affect general labour market conditions or result in further changes to labour laws.

Any failure by the Group to maintain relationships with its major customers and suppliers would have an adverse effect on the Group's trade businesses.

The Group relies on certain major customers and suppliers in its trade business. There can be no assurance that the Group will be able to maintain or improve its relationships with its major customers and suppliers, or that it will be able to continue to supply various products to these customers or source various products from these suppliers at current pricing levels or at all. In addition, the demand for the Group's various products is affected by the performance of its customers. Therefore, any decline in its major customers' businesses could lead to a decrease in purchase orders from these customers. If any of the Group's major customers were to substantially reduce the size or value of the orders they place with the Group or were to terminate their business relationships with the Group entirely, there can be no assurance that the Group would be able to obtain orders from other customers to replace any such lost sales on comparable terms or at all. If any of these relationships were to be so terminated and the Group were unable to obtain replacement orders, its businesses, financial conditions, results of operations and prospects may be materially and adversely affected.

Adverse events concerning the Group's existing tenants or negative market conditions affecting the Group's existing tenants could have an adverse impact on the Group's ability to attract new tenants, release space, collect rent or renew leases, and thus could adversely affect cash flow from operations and inhibit growth.

The Group's cash flow from its industrial park operation business depends on the ability to lease space in industrial parks to tenants on economically favourable terms. The Group could be adversely affected by various facts and events over which the Group has limited or no control, such as:

- lack of demand for space in areas where the properties are located;
- inability to retain existing tenants and attract new tenants;
- oversupply of or reduced demand for space and changes in market rental rates;
- defaults by tenants or failure to pay rent on a timely basis;
- the need to periodically renovate and repair marketable space;

- physical damage to properties;
- economic or physical decline of the areas where properties are located; and
- potential risk of functional obsolescence of properties over time.

At any time, any tenant may experience a downturn in its business that may weaken its financial condition. As a result, a tenant may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. Any tenant bankruptcy or insolvency, leasing delay or failure to make rental payments when due could result in the termination of the tenant's lease and material losses to the Group. If tenants do not renew their leases as they expire, the Group may not be able to rent the space in industrial parks. Furthermore, leases that are renewed, and some new leases for space that is re-let, may have terms that are less economically favourable than expiring lease terms, or may require the Group to incur significant costs, such as renovations, tenant improvements or lease transaction costs. Any of these events could adversely affect the Group's cash flow from operations. A significant portion of the costs of owning property, such as real estate taxes, insurance, property management fees and debt service payments, are not necessarily reduced when circumstances cause a decrease in rental income from the properties.

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 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 the coming few years 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 recent withdrawal of the United Kingdom from the European Union 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 to which the Group's businesses are subject. 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. Although vaccines have been developed to counter COVID-19, there are also new strains of the virus arising in some countries and the situation remains uncertain. There can be no assurance that such measures will be effective in ending or deterring the spread of COVID-19. As

COVID-19 continues to spread globally, many countries may be affected and the resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession.

On 24 February 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. 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 services and products and erosion of their procurement or 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 continues, the Group's business, financial condition and results of operations may be adversely affected.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

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

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group will consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources.

There is no assurance that the Group will be able to address these issues effectively. In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations. As at 31 December 2021, the Group had not entered into any definitive agreement for any 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.

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

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

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

To manage operating risks, the Group maintains insurance policies which the Group believes to be commensurate with industry and business practice in the PRC. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. 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 or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

The Group's independent auditors have previously been subject to regulatory inspections and administrative measures.

The Group's independent auditors, Da Hua, has previously been subject to regulatory inspections by regulatory authorities, including China Securities Regulatory Commission and its local offices. Certain

defects were identified during such regulatory inspections, and Da Hua and their auditing personnel have historically been imposed certain administrative measures.

Da Hua has confirmed that, any such inspections or administrative measures, whether concluded or ongoing as at the date of this Offering Circular, (a) has not targeted and will not target the auditing personnel of Da Hua who have audited or reviewed the Group's financial statements or provided other services with respect to the issuance of the Bonds; and (b) does not have any impact on its audit opinions for the Group's financial statements as at and for the years ended 31 December 2019, 2020 and 2021, nor do they have any impact on Da Hua in continuing to provide audit and other services to the Company.

There can be no assurance that Da Hua and its auditing personnel will not be subject to further regulatory inspections or administrative measures in the futures, or that any such future regulatory inspections or administrative measures will not restrict Da Hua from providing auditing services or other services in connection with financing transactions. If Da Hua or its auditing personnel becomes restricted from providing such services, the Group may need to discontinue its engagement with Da Hua. Prospective investors should consider all the factors above prior to making any investment decision in the Bonds.

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

The Group plans to issue corporate bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Group may need to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its notes in the domestic capital markets. After the Bonds are issued, the Group is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited periodical financial statements. The quarterly and half year financial information published by the Group in the PRC is normally derived from the Group's management accounts and has not been audited or reviewed by independent auditors. As such, such financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Group's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds. The Group is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore Investors should not place any reliance on any such financial information.

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

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

The Group's accounts were prepared in accordance with PRC GAAP which may be different from IFRS.

The Group's accounts were prepared in accordance with PRC GAAP and other relevant regulations issued thereafter. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences between the PRC GAAP and IFRS*". There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

RISKS RELATING TO THE PRC

A majority of the Group's assets are located in the PRC and most of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject to economic, political and legal developments in the PRC.

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.

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. Substantially all of the Group's gross revenue is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as payments of dividends, overseas acquisitions, and payments of principal and interests under the Bonds or other foreign currency denominated debt, if any.

Under the existing PRC foreign exchange regulations, international payments of current account items, such as profit distribution, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with SAFE or its designated banks is required where Renminbi is to be converted into foreign currency and remitted out of the PRC under capital account items such as repayment of offshore loans or outbound investment. There is no assurance whether the PRC government will, at its discretion, restrict access to foreign currencies for current account items or capital account items. If the foreign exchange control policies prevent the Group from purchasing sufficient foreign currencies and remitting outside China, it may limit the Group's ability to utilise revenue generated in Renminbi to fund the Group's business activities outside China or to pay interests in foreign currencies to Bondholders.

Further, the proceeds from the offering of the Bonds will be received in Euro. As a result, any appreciation of Renminbi against the Euro or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets and the Group's proceeds from the offering of the Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

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 a substantial portion 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 recent 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 Rates*". 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 condition and results of operations of the Group.

The operations of the Group may be affected by rising inflation rates 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. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's businesses and financial condition and results of operations, as well as its liquidity and profitability.

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.

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

Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the directors of the Group and the members of its senior management of the Group are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Group or its directors or members of its senior management outside the PRC. The PRC

has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. Pursuant to 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 (Fa Shi [2008] No.9) (最高人民法院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) (法釋[2008]9號) (the “**Choice of Court Arrangement**”) which is effective on 1 August 2008, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a “choice of court” agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a “choice of court” agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A “choice of court” agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a “choice of court” agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Group, the Group’s assets or the Group’s directors or members of its senior management outside 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 is not yet effective, 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 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. However, the recognition and enforcement of foreign judgements in the PRC are subject to the provisions, limitations, procedures and other terms and requirements of the 2019 Arrangement and there may still be hurdles for investors to effect service of process against the Group, the Group’s assets or the Group’s directors or members of its senior management outside the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

The Group operates its businesses largely through its operating subsidiaries in the PRC. The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires enterprises set aside part of their net profit as statutory reserves and cover any loss the Group incurred in the previous financial year 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.

Labour disruptions and the enforcement of the Labour Contract Law and other labour-related regulations in the PRC may materially and adversely affect the Group's businesses and results of operations.

As at 31 December 2021, the Group had approximately 67 employees. Although the Group enjoys good labour relations with its employees, the Group is unable to predict the outcome of any future labour negotiations. Any conflicts with the Group's employees or contractors and/or their respective unions could have a material and adverse effect on its financial conditions and results of operations.

On 28 December 2012, the PRC Government amended the Labour Contract Law (勞動合同法), which amendment became effective on 1 July 2013. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract Law, an employer is obligated to sign an unlimited term labour contract with an employee under certain circumstances (including where the employer continues to employ the employee after two consecutive fixed term labour contracts). The employer must also pay compensation to employees if the term of a limited term labour contract expires, unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, 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 served more than one year with an employer are entitled to a paid vacation ranging from five to fifteen days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their daily salaries for each waived vacation day. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT

Neither the Dongtai Municipal Government nor any other PRC governmental entity has legal obligations under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder. Ownership or control by PRC governmental entity does not provide assurance on the Issuer's financial condition.

As at the date of this Offering Circular, the Dongtai Municipal Government and Dongtai SAOG directly hold a 98.67% and 1.33% interest in the Issuer, respectively. The Issuer is directly and ultimately controlled by the Dongtai Municipal Government. Neither the Dongtai Municipal Government nor any other PRC governmental entity is 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 the Group. This position has been reinforced by MOF Circular and Circular 706. The liability of the Dongtai Municipal Government as the shareholder of the Group shall be limited to its agreed obligation to contribute to the Group's registered capital. As such, the PRC government does not have any payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer or the Group, each as an obligor under the relevant transaction documents and as an independent legal person. Ownership or control by the Dongtai Municipal Government or any other PRC governmental entity does not provide assurance on the Issuer's financial condition. Investments in the Bonds are relying on the credit risk of the Issuer. As a result, no financial support from the Dongtai Municipal Government nor any other the PRC governmental entity may materialise. If the Issuer does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer, and not the Dongtai Municipal Government or any other PRC governmental entity. Investors should base their investment decision on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds based on the Group's own financial information reflected in its financial statements.

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

NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity more than one year with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 23 December 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 10 (*Events of Default*) of the Conditions. Additional guidance has been issued by the NDRC on 18 December 2015 (the “**NDRC Circular Guidelines**”), which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC, or any impact on the holders of the Bonds, in the event of a non-compliance by the Issuer with the NDRC Circular. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to file or cause to be filed with the NDRC the particulars of the issue of the Bonds within 10 working days after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the “**Foreign Debt Registration Measures**”) and the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, and amended on 4 May 2015, the Issuer shall complete the foreign debt registration in respect of the issue of the Bonds with the relevant local branch of SAFE within 15 PRC working days after the execution of the foreign debt contracts. According to the Circular of the PBOC on Matters Concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross Border Financing Circular**”) and the SAFE Operational Guideline on Capital Account (2020 Edition) (資本項目外匯業務指引(2020)版), the Issuer is required to file or cause to be filed with the SAFE the Bonds after execution of the foreign debt contracts and not later than three working days before the drawdown. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable under the PRC laws and it may be difficult for Bondholders to recover amounts due from the Issuer and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. Under the Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 15 working days after the execution of the foreign debt contracts. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected. The Issuer has already consulted with local SAFE branch in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period.

According to the Cross Border Financing Circular, if a PRC non-financial enterprise (excludes government financing platforms and real estate enterprises) raises funds in domestic or foreign currencies from non-residents, the enterprise shall report the information on the conclusion of cross-border financing contracts to the capital account information system of SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. The enterprise shall, in a timely manner, update the information on cross-border financing and rights and interests each year (including overseas creditors, loan term, amount, interest rate and its net assets, among others). In the case of any change in the audited net assets, overseas creditor, loan term, amount, or interest rate, among others, involved in the financing contract, the enterprise shall undergo recordation modification in a timely manner. The Issuer has undertaken to report the information pursuant to the Conditions under the Cross-Border Financing Circular. If the Issuer fails to report or change the cross-border financing information in time, the PBOC and SAFE shall circulate a criticism against the Issuer after verification of the case, order for rectification measures being taken by the Issuer, and impose penalties on the Issuer according to the Law of the People's Republic of China on People's Bank of China and the Law of the People's Republic of China on Foreign Exchange Control. There are uncertainties as to what consequences the failure to comply with the filing and other requirements under the Cross-Border Financing Circular may have.

The Bonds are unsecured obligations.

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

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

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

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

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

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

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

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

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

An active trading market for the Bonds may not develop.

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

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

The Bonds are denominated and payable in Euro. An investor who measures investment returns by reference to a currency other than Euro would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of Euro against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

Declines in the international financial markets and world economic conditions may adversely affect the market price of the Bonds. 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 issuer in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, 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.

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

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

The Conditions also provides that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of the Bonds, any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit that 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 law, (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of the Bonds, any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit that is in the opinion of the Trustee not materially prejudicial to the interest of the Bondholders; and (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of securities pursuant to the Conditions to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, amendment, supplement, replacement, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified by the Issuer to the Bondholders as soon as practicable.

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

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to

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

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

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

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

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

Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The denominations of the Bonds are EUR100,000 and integral multiples of EUR1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of EUR100,000 that are not integral multiples of EUR1,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than EUR100,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of EUR1,000 may be illiquid and difficult to trade.

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder’s Bonds. On the Maturity Date or if any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in any such event may also be limited by the terms of other debt instruments. The Issuer’s failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer’s other indebtedness.

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

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

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

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

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

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no

assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”) which took effect on 1 January 2008 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the 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 (the “**Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. As Bonds will be held in the Clearing System, it is not possible to ascertain the jurisdiction of the Bondholders.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (“**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016 and partially amended thereafter. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges (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 Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅法), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)), Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知) and based on consultation with the Jiangsu local taxation bureau, a

city maintenance and construction tax, an educational surcharge and a local educational surcharge will be applicable when entities and individuals are obliged to pay VAT. 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 and 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.

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of a change in or amendment to tax laws or regulations, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in Condition 7(b) of the Conditions.

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in the Conditions in relation to the Cross-Border Financing Circular Registration and the NDRC Post-Issue Filing) (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial conditions of Bank of Shanghai Co., Ltd. ("Bank of Shanghai").

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

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

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

Loans to real estate sector and government financing platforms: Bank of Shanghai's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns, such as the recent COVID-19 pandemic. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, Bank of Shanghai's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of Bank of Shanghai. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, as neither Bank of Shanghai nor the LC Bank has waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Standby Letter of Credit expires one month after the Maturity Date.

The Standby Letter of Credit will expire at 5:00 p.m. (Hong Kong time) one month after the Maturity Date. In the event that the Trustee does not make a Demand under the Standby Letter of Credit by this expiration date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

Proceedings to enforce the Standby Letter of Credit may only be taken in Hong Kong.

Proceedings to enforce the Standby Letter of Credit may only be taken in Hong Kong. Proceedings to enforce the terms of the Standby Letter of Credit may only be taken in Hong Kong and this may limit the amount of assets available to the Trustee to make a claim in the event the LC Bank fails to perform its obligations under the Standby Letter of Credit. The majority of operations of the LC Bank are carried out in the PRC and any judgment obtained in the Hong Kong courts against the LC Bank, if to be enforced against the LC Bank, will be subject to recognition and enforcement of the judgment in the PRC in accordance with the Arrangement (or the New Arrangement if it becomes effective), or to re-litigation and the procedures of the PRC courts.

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

Payments of principal and interest in respect of the Bonds and the fees and expenses and other amounts in connection with the Bonds and the Trust Deed will have the benefit of the Standby Letter of Credit up to a maximum limit of EUR63,948,090.40, which includes an amount representing the aggregate principal amount of EUR62,000,000 of the Bonds plus interest payable for one Interest Period (as defined in the Conditions) in accordance with the Conditions plus any fees, expenses and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed and the Agency Agreement. There can be no assurance that such maximum limit is sufficient to fully satisfy the aforementioned payments.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates and referred to in the Global Certificate.

The EUR62,000,000 in aggregate principal amount of 3.05 per cent. credit enhanced bonds due 2025 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 16 and to be consolidated and forming a single series therewith) of Dongtai Huimin Urbanization Construction Group Co., Ltd. (東台惠民城鎮化建設集團有限公司) (the “**Issuer**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 29 August 2022 (the “**Issue Date**”) made between the Issuer and CMB Wing Lung (Trustee) Limited (the “**Trustee**”, which expression shall include its successor(s)) as trustee for itself and the Holders of the Bonds.

The issue of the Bonds was authorised by resolutions of the directors of the Issuer dated 28 October 2021 and resolutions of the shareholders of the Issuer dated 28 October 2021.

The Bonds are the subject of an agency agreement dated 29 August 2022 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made among the Issuer, the Trustee, CMB Wing Lung Bank Limited as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereof), CMB Wing Lung Bank Limited as registrar (the “**Registrar**”, which expression shall include any successor thereof), as transfer agent (the “**Transfer Agent**”, which expression shall include any successor thereof) and any other agents appointed thereunder, CMB Wing Lung Bank Limited as the account bank (the “**Pre-funding Account Bank**”, which expression shall include any successor thereof) with which the Pre-funding Account (as defined below) is held and CMB Wing Lung Bank Limited as the account bank (the “**LC Proceeds Account Bank**”, which expression shall include any successor thereof) with which the LC Proceeds Account (as defined below) is held. References herein to “**Paying Agents**” include the Principal Paying Agent, and “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent, and the other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds. The Bonds will have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) dated 29 August 2022 issued by Bank of Shanghai Co., Ltd, Nanjing Branch (the “**LC Bank**”).

Copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by Bondholders (as defined below) at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Trustee (being at the Issue Date at 6/F, CMB Wing Lung Building, 45 Des Voeux Road Central, Hong Kong following prior written request and proof of holding and identity satisfactory to the Trustee. Certain provisions of these terms and conditions (these “**Conditions**”) are summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, the Agency Agreement and the Standby Letter of Credit. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Standby Letter of Credit and those provisions of the Agency Agreement applicable to them.

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

1. FORM, AUTHORISED DENOMINATION AND TITLE

(a) Form and Authorised Denomination

The Bonds are issued in the specified denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof (each an “**Authorised Denomination**”). The Bonds are evidenced by registered certificates (the “**Certificates**”) and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same Holder.

(b) Title

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 an 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 Bondholder.

In these Conditions, “**Bondholder**” 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 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. The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are evidenced by the Global Certificate.*

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

2. STATUS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, 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 and addresses and details of the registered account (as defined in Condition 8(a)) of the Holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (the principal amount of such Bonds to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bonds not being transferred are 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, 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 at the specified office of the Registrar or any Transfer Agent.

In the case of a transfer of only part of a holding of Bonds evidenced by one Certificate (which shall be an Authorised Denomination), 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 (which shall also be an Authorised Denomination) shall be issued to the transferor. 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 the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures 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 of receipt by the Registrar or, as the case may be, any Transfer Agent of a duly signed and completed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by any such Transfer Agent or the Registrar pursuant to Condition 3(b). The form of transfer is available at the specified office of the Transfer Agent. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the Bondholder 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 Bondholder entitled to the new Certificate to such address as may be so specified, unless such Bondholder 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).

(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, the Registrar or any Transfer Agent but upon (i) payment by the relevant Holder (or the giving by the relevant Holder of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar and (if applicable) the relevant Transfer 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 and (if applicable) the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar and (if applicable) the relevant Transfer Agent being satisfied in its absolute discretion that the Regulations (as defined in Condition 3(f)) 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 days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)); or (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 7(b); or (iv) after a Put Exercise Notice is deposited in respect of such Bond in accordance with Condition 7(c).

(f) **Regulations**

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

4. STANDBY LETTER OF CREDIT

(a) **Standby Letter of Credit**

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

Only one drawing under the Standby Letter of Credit is permitted. Such drawing on the Standby Letter of Credit will be payable in Euro in immediately available funds to or to the order of the Trustee and at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

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

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Euro and shall not in any circumstances exceed EUR63,948,090.40 (the "**Maximum Limit**"), which includes an amount representing the aggregate principal amount of EUR62,000,000 of the Bonds plus interest payable for one Interest Period (as defined below) in accordance with these Conditions plus any fees, expenses and all other amounts payable to the Trustee in connection with the Bonds, the Trust Deed and the Agency Agreement. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 29 September 2025 (the "**Expiry Date**").

The form of the Standby Letter of Credit is set out in the Offering Circular. See "Appendix I – Form of Irrevocable Standby Letter of Credit".

(b) Pre-funding

In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment:

- (i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and
- (ii) deliver to the Trustee and the Principal Paying Agent by facsimile or by way of scanned copy in email followed by original as soon as practicable (X) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined below), and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

The Pre-funding Account Bank shall notify the Trustee as soon as reasonably practicable but no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such notification), or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

- (A) as soon as reasonably practicable notify the LC Bank and the LC Proceeds Account Bank by facsimile or by SWIFT of the occurrence of the Pre-funding Failure;
- (B) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date, give notice (the "**Pre-funding Failure Notice**") substantially in the form set out in the Trust Deed to the Bondholders of (I) the Pre-funding Failure and (II) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and

- (C) by no later than 5:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date, issue a Demand to the LC Bank for an amount not exceeding the Maximum Limit to specify the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date and the fees, costs, expenses, indemnity payments and the other amounts payable by the Issuer in relation to such Demand under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, provided that, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank, or in the event that the SWIFT system is unavailable for any reason, via facsimile transmission as contemplated in the Standby Letter of Credit.

If the LC Bank receives such Demand by 5:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day (or, if such Demand is received by the LC Bank after 5:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day), pay to or to the order of the Trustee the amount in Euro specified in the Demand in immediately available and cleared funds in accordance with the instructions specified in the Demand.

For the purposes of these Conditions:

“**Authorised Signatory**” has the meaning given to it in the Trust Deed;

“**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which (i) banks and foreign exchange markets are open for business in Hong Kong and Beijing and (ii) the TARGET2 System is operating;

“**LC Proceeds Account**” means a non-interest bearing Euro account established in the name of the Trustee with the LC Proceeds Account Bank;

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

“**Pre-funding Account**” means a non-interest bearing Euro account established in the name of the Issuer with the Pre-funding Account Bank and designated for the purposes specified above; and

“**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

5. COVENANTS

(a) Financial Information

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

- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) and a copy of the Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”) (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English language translation of the same (at the Issuer’s cost) translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to any Bondholder or any other person on any such translation as being a complete and accurate translation of the original);
- (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English language translation of the same (at the Issuer’s cost) and translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to any Bondholder or any other person on any such translation as being a complete and accurate translation of the original); and
- (iii) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of any 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 5(a) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

(b) Undertakings relating to SAFE Registration

The Issuer shall (i) submit or cause to be submitted an application for the registration of the Bonds with SAFE in accordance with, and within the time period prescribed by, the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and the Notice on Nationwide Implementation of the Macroprudential Management Policy of Overall Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the People’s Bank of China on 12 January 2017 and which came into effect on the same date (the “**SAFE Registration**”); and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline, and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, any implementing measures promulgated thereunder from time to time.

(c) **Notification to NDRC**

The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

(d) **Notification of Completion of NDRC Post-issue Filing and SAFE Registration**

The Issuer shall provide the Trustee within five Registration Business Days after the later of the submission of the NDRC Post-issue Filing and the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the SAFE Registration issued by SAFE) with (i) a certificate substantially in the form set out in the Trust Deed signed by any Authorised Signatory confirming the completion of the NDRC Post-issue Filing and the SAFE Registration; (ii) copies of the relevant documents evidencing the completion of the NDRC Post-issue Filing (if any) and the SAFE Registration, each certified in English by an Authorised Signatory as true and complete copies of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 17 and substantially in the form set out in the Trust Deed) confirming the completion of the NDRC Post-issue Filing and the SAFE Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to (i) monitor or ensure or otherwise assist with the NDRC Post-issue Filing and/or the SAFE Registration, (ii) verify the accuracy, completeness, content, validity and/or genuineness of the Registration Documents or any other certificates, confirmations or documents in relation to or in connection with the NDRC Post-issue Filing and/or the SAFE Registration or (iii) give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and/or the SAFE Registration, and shall not be liable to Bondholders or any other person for not doing so.

In these Conditions:

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

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

- (i) no Event of Default (as defined in Condition 10), Potential Event of Default (as defined in the Trust Deed) or a Change of Control (as defined in Condition 7) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event has occurred, giving details of it; and

(ii) the Issuer has complied with all its obligations under the Bonds, the Agency Agreement and the Trust Deed or, if non-compliance has occurred, giving details of it;

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

“**NDRC**” means the National Development and Reform Commission of the People’s Republic of China or its local counterparts;

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

“**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;

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

“**Registration Deadline**” means the day falling 90 Registration Business Days after the Issue Date;

“**Relevant Period**” means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer’s financial year, being 31 December of that financial year; and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer’s first half financial year, being 30 June of that financial year;

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

“**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 and one or more other Subsidiaries of such person; or (ii) any corporation, association and other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“**Unaudited Financial Reports**” means the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer together with any statement, report (including any directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them, if any; and

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

6. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.05 per cent. per annum payable semi-annually in arrear on 28 February and 29 August in each year (each an “**Interest Payment Date**”) commencing on 28 February 2023.

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 (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholders, and (ii) 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 Bondholders under these Conditions).

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

Interest on the Bonds shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366.

Interest in respect of any Bond shall be calculated per EUR1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 29 August 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) Redemption for 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 and the names and addresses of all Paying Agents, and the method by which payment shall be made to the Bondholders in accordance with Condition 17 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount (together with any interest accrued to (but not including) the date fixed for redemption) if, immediately prior to the giving of such notice, the Issuer satisfies the Trustee that:

- (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including

but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 August 2022; 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 7(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, addressed to and 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 amendments and statement. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 7(b), in which event they shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to the Issuer, any Bondholder or any person for so accepting and relying conclusively on such certificate or opinion. All Bonds in respect of which any notice of redemption is given under this Condition 7(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 7(b).

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 7(b).

(c) Redemption for a Relevant Event

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the Put Settlement Date at 100 per cent. of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. To exercise such right, the Holder of a Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form set out in the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or if later within 30 days following the date upon which such notice is given to Bondholders.

The "**Put Settlement Date**" shall be the fourteenth day (whether in the case of a redemption for a Change of Control or a No Registration Event) or, in each case, if such day is not a Payment Business Day (as defined in Condition 8(f)), the next following Payment Business Day, after the expiry of such period of 30 days as referred to above.

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

Not later than 14 business days (in the case of a Change of Control) or five business days (in the case of a No Registration Event) following the day on which the Issuer becomes aware of the occurrence of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders in accordance with Condition 17 stating:

- (i) the applicable Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing the Change of Control or the No Registration Event, as applicable;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the redemption right pursuant to this Condition 7(c); and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

Neither the Trustee nor the Agents shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions, nor shall they be liable to the Bondholders, the Issuer or any other person for not doing so.

For the purpose of these Conditions:

a “**Change of Control**” occurs when:

- (i) (A) Dongtai Municipal Government, and (B) any other Person directly or indirectly Controlled by the central government of the PRC (such Person and Dongtai Municipal Government, each a “**PRC Government Person**”), together cease to directly or indirectly hold or own at least 100 per cent. of the issued share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons, except where such Person(s) (in the case of asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are directly or indirectly at least 100 per cent. held or owned by a PRC Government Person;

“**Control**” means (where applicable) (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) 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, in each case 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 the same meaning correlative to the foregoing;

a “**No Registration Event**” occurs when the Registration Conditions are not complied with on or before the Registration Deadline;

“**Dongtai Municipal Government**” means the Dongtai Municipal People’s Government (東台市人民政府);

a “**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents relating to the NDRC Post-issue Filing and SAFE Registration as set forth in Condition 5(d); and

a “**Relevant Event**” means a Change of Control or a No Registration Event.

(d) Mandatory Redemption upon Pre-funding Failure

If a Pre-funding Failure occurs in respect of a scheduled payment of principal or interest payable under these Conditions, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the “**Mandatory Redemption Date**”), together with interest accrued up to, but excluding, the Mandatory Redemption Date.

If the Holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond under Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of a Pre-funding Failure relating to the amount payable pursuant to such redemption, such Holder’s Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued up to, but excluding, such Put Settlement Date, provided that if such Pre-funding Failure occurs and a Pre-funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 6 or Condition 7(a), the Put Settlement Date shall be the Mandatory Redemption Date.

(e) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 7 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(f) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Bondholder 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 purpose of Condition 10, Condition 13(a) and Condition 14.

(g) Cancellation

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

(h) No Duty to Monitor

The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or to monitor or to investigate the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Bondholders, the Issuer or any other person for not doing so. The Trustee and the Agents are entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer.

(i) Calculation

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection therewith, and shall not be liable to the Bondholders, the Issuer or any other person for not doing so.

8. PAYMENTS

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of 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 8(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payment of interest on each Bond shall be made in Euro by transfer to the registered account of the Holder of such Bond. In these Conditions, the “**registered account**” of a Holder means the Euro account maintained by or on behalf of such Holder with a bank, in a city in which banks have access to the TARGET2, details of which appear in the Register at the close of business in the place of the Principal Paying Agent 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 form of the Global Certificate), 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 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 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated, or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the Transfer Agent or of the Registrar, 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 and (and to the extent provided in the Trust Deed and/or the Agency Agreement) the Trustee do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, and (iii) a Transfer Agent.

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

(e) Delay in Payment

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

(f) Non-Payment Business Day

If any date for payment in respect of any Bond is not a Payment Business Day, the Bondholder shall not be entitled to payment until the next following Payment Business Day

nor to any interest or other sum in respect of such postponed payment. In this Condition 8, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which (i) commercial banks and foreign exchange markets are generally open for business in Hong Kong and the place in which the specified office of the Principal Paying Agent is located and (ii) the TARGET2 System is operating.

9. 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, counterclaim, 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 PRC or any political subdivision or any authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law.

Where such withholding or deduction is made by or within the PRC at a rate of up to and including the aggregate rate applicable on 24 August 2022 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC 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 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 presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the Bondholder of it would have been entitled to such Additional Tax Amounts on presenting or, as the case may be, 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 Amount which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further presentation or, as the case may be, 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 presentation or, as the case may be, surrender.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 7(b) and this Condition 9 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall in any event be responsible for paying any present or future tax, duty, charges, assessments, government charges, withholding, deduction or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, nor shall they be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges assessments, government charges, withholding, deduction or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, assessments, government charges, withholding, deduction or other payment in any jurisdiction.

10. EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by Holder of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give 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 but unpaid interest without further action or formality.

(a) With respect to the Issuer:

- (i) **Non-Payment:** there has been a failure to pay the principal of any of the Bonds when due, or there has been a failure to pay any interest on any of the Bonds when due and such failure continues for a period of seven days; or
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its obligations under the Bonds or the Trust Deed (other than non-payment provided under Condition 10(a)(i) above or where such default gives rise to a Bondholder right to require the redemption of the Bonds pursuant to Condition 7(c)) and such default (A) is incapable of remedy or (B) if such default is capable of remedy, is not remedied within 45 days after the Trustee has given written notice thereof to the Issuer; *provided that* if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 4(b) and such amount has subsequently been paid by the LC Bank following a drawing under the Standby Letter of Credit to or to the order of the Trustee and paid to Holders of the Bonds, then such breach will not constitute an Event of Default under this Condition 10(a)(ii); or
- (iii) **Cross-Default:** (A) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(a)(iii) have occurred in aggregate equals or exceeds U.S.\$20,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(a)(iii) operates); or
- (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or

- (v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 60 days; or
- (vi) **Insolvency:** the Issuer is or is deemed by law or a court to be, or any of its Principal Subsidiaries is, insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Principal Subsidiaries; or
- (vii) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations except (i) for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary (ii) a disposal of a Principal Subsidiary on an arm's length basis where the proceeds resulting from such disposal are fully invested in the Issuer or any other Subsidiary of the Issuer; or (iii) or for a voluntary solvent winding up, voluntary liquidation or voluntary solvent dissolution of any Principal Subsidiary; or
- (viii) **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 or any of its Principal Subsidiaries; or
- (ix) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (B) to ensure that each of those obligations is legally binding and enforceable or (C) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or
- (x) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (xi) **Standby Letter of Credit:** the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; or
- (xii) **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 Condition 10(a)(iv) to Condition 10(a)(vii) (both inclusive).

In this Condition 10(a), “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (A) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) 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 (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, 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 (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by any Authorised Signatory confirming that a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Trustee, the Agents and the Bondholders.

(b) With respect to the LC Bank:

- (i) **Cross-Default:** any other present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, *provided that* the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 9(b)(i) have occurred equals or exceeds US\$30,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(b)(i) operates); or
- (ii) **Insolvency:** the LC Bank or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts; stops, suspends or threatens to stop or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts; proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any Material Subsidiary; or
- (iii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the LC Bank or any Material Subsidiary, or the LC Bank ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent (X) on terms approved by an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or
- (iv) **Illegality:** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action such that the LC Bank may lawfully perform such obligations; or

- (v) **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 this Condition 10(b)(ii) to Condition 10(b)(iii) (both inclusive).

In this Condition 10(b):

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

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

“**Public External Indebtedness**” means any indebtedness of the LC Bank or any of its Subsidiaries for moneys borrowed (including indebtedness represented by bonds, notes, debentures or other similar instruments) or any guarantee by the LC Bank or any of its Subsidiaries of indebtedness for moneys borrowed which, in either case, (i) has an original maturity in excess of one year, and (ii) is, or is capable of being, quoted, listed or traded on any stock exchange or over-the-counter or other similar securities market outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); provided that Public External Indebtedness shall not include any such indebtedness for borrowed moneys owed to any financial institution in the PRC.

11. PRESCRIPTION

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

12. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced 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, 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 may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION 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 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 and the Standby Letter of Credit. Such a meeting may be convened by the Trustee or the Issuer 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 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, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date 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 release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 16 or modification pursuant to Condition 13(b)) in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution; (ii) a resolution 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; and (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Any Extraordinary Resolution duly passed shall be binding on all Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification 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 Standby Letter of Credit and/or the Bonds other than in respect of a special quorum resolution (as defined in the Trust Deed) which in its opinion is not materially prejudicial to the interest of the Bondholders, or may agree, without any such consent as aforesaid, to 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 law, or may agree to any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of securities pursuant to Condition 16 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, amendment, supplement, replacement, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, amendment, supplement, replacement, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 17. The Trustee may request, and may rely conclusively on, any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning compliance with the above conditions in respect of any such modification, amendment, supplement, replacement, waiver or authorisation.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

14. ENFORCEMENT

The Trustee may, at its discretion and without further notice, but shall not be obliged to, take any actions and/or steps and/or institute any proceedings against the Issuer and/or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and/or the Bonds and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such actions or steps and/or institute any 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, and (b) other than in the case of the making of a drawing under the Standby Letter of Credit, it shall have first been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking steps, actions and/or instituting proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee and its parent, subsidiaries and affiliates are entitled (i) to enter into business transactions with the Issuer, the LC Bank and/or any related entity and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer and any entity related to the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee and the Agents may accept and shall be entitled to rely conclusively without liability to Bondholders, the Issuer, the LC Bank or any other person on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to them and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely conclusively on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the LC Bank and the Bondholders. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Bondholders, the LC Bank or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction, to seek written directions or clarification of any such directions from the Bondholders by way of Extraordinary Resolution, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the LC Bank, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction as a result of seeking such direction or clarification of any such direction from the Bondholders or in the event that no direction or clarification of any such direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the LC Bank or any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the LC Bank 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 responsible or liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any instructions, direction, request or resolution of Bondholders given by Bondholders holding the

requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance by the Issuer, the LC Bank or any other person, as the case may be, with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions or to monitor whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be responsible or liable to the Issuer, the LC Bank, the Holders or any other person for not doing so.

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, its Subsidiaries and/or the LC Bank, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders and in accordance with the Trust Deed to create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions) and so that the same shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any further securities issued pursuant to this Condition 16. However, such further securities may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit represents an increase at least equal to the principal of and interest payment due on such further bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue (subject to a cap (if any) as agreed between the Issuer and the Trustee)); and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit. Any further securities forming a single series with the Bonds shall be constituted by a deed supplemental to the Trust Deed.

17. NOTICES

All notices to the Bondholders shall be mailed to them at the Issuer's expense by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given, on the date of such publication or, if published more than once or on different dates, 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 (as defined in the form of the Global Certificate), notices to the Holders of the Bonds shall be validly given by the 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.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19. GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Trust Deed or the Agency Agreement. 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 shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation or of such agent no longer having an address in Hong Kong. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions.

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

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

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either Euroclear or Clearstream or any other clearing system 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.

Individual definitive certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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.

In addition, the Global Certificate will contain provisions which modify the Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions.

Payment

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

Notices

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

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds evidenced by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each EUR1,000 in principal amount of Bonds for which the Global Certificate is issued.

Bondholder's Redemption

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

Issuer's Redemption

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

Transfers

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

Cancellation

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

Trustee's Powers

In considering the interests of 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 Bondholders in respect of which the Global Certificate is issued.

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be EUR62,000,000. Such proceeds, after deducting commissions and other estimated expenses payable in connection with the offering of the Bonds will be used for project construction.

EXCHANGE RATES

RENMINBI

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by two per cent. against the U.S. dollar. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against the U.S. dollar following a fluctuation in 2018. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth information concerning exchange rates between the dollar for the periods presented:

Period	Renminbi per U.S. Dollar Noon Buying Rate ⁽¹⁾			
	End	Average ⁽²⁾	High	Low
	<i>(RMB per U.S.\$1.00)</i>			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	7.0137	7.0609	6.9618
2020	6.5250	6.5393	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April	6.6082	6.4310	6.6243	6.3590
May	6.6715	6.6990	6.7880	6.6079
June	6.6981	6.6952	6.7530	6.6534
July	6.7433	6.7352	6.7655	6.6945
August (through 12 August)	6.7425	6.7496	6.7674	6.7230

Notes:

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

EUR

The following tables sets forth, for the periods indicated, certain information concerning the exchange rates between EUR and the U.S. dollar. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

Period	U.S. Dollar per EUR Noon Buying Rate			
	End	Average ⁽¹⁾	High	Low
	<i>(U.S.\$ per EUR1.00)</i>			
2016	1.0552	1.1029	1.1516	1.0375
2017	1.2022	1.1396	1.2041	1.0416
2018	1.1456	1.1785	1.2488	1.1281
2019	1.1229	1.1183	1.1533	1.0903
2020	1.2225	1.1468	1.2289	1.0667
2021	1.1318	1.1787	1.2295	1.1196
2022				
January	1.1212	1.1317	1.1464	1.1141
February	1.1224	1.1349	1.1487	1.1154
March	1.1093	1.1019	1.1163	1.0860
April	1.0537	1.0803	1.1043	1.0500
May	1.0731	1.0567	1.0744	1.0376
June	1.0469	1.0567	1.0740	1.0388
July	1.0202	1.0168	1.0409	1.0028
August (through 12 August)	1.0257	1.0237	1.0338	1.0146

Note:

- (1) Annual average rate is calculated by averaging the rate on the last business day of each month during the relevant year. Monthly average rate is calculated by averaging the daily rate during the relevant monthly period.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total owner's equity and total capitalisation of the Issuer as at 31 December 2021:

- (i) on an actual basis; and
- (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with the issuance of the Bonds.

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

	As at 31 December 2021			
	Actual		As adjusted	
	<i>RMB: million</i>	<i>USD: million ⁽¹⁾</i>	<i>RMB: million</i>	<i>USD: million ⁽¹⁾</i>
Current indebtedness				
Short-term borrowings	559.00	87.72	559.00	87.72
Non-current borrowings due within one year	641.44	100.66	641.44	100.66
Total current indebtedness	1,200.44	188.38	1,200.44	188.38
Non-current indebtedness				
Long-term borrowings	1,434.03	225.03	1,434.03	225.03
Bonds payable	2,778.81	436.06	2,778.81	436.06
Long-term payables	537.48	84.34	537.48	84.34
Bonds to be issued ⁽²⁾	–	–	447.18	70.17
Total non-current indebtedness	4,750.32	745.43	5,197.50	815.60
Total indebtedness⁽³⁾	5,950.76	933.80	6,397.94	1,003.98
Total owners' equity	3,873.93	607.90	3,873.93	607.90
Total capitalisation⁽⁴⁾	9,824.69	1,541.71	10,271.87	1,611.88

Notes:

- (1) For convenience only, all translation from Renminbi into U.S. dollars was made at the rate of RMB6.3726 to U.S.\$1.00, the exchange rate as at 30 December 2021 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve Bank System of the United States.
- (2) The exchange rate between EUR and the U.S. dollar on 30 December 2021 was EUR1.00 to U.S.\$1.1318 as set forth in the H.10 statistical release of the Federal Reserve Board.
- (3) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions and other estimated expenses payable in connection with the issuance of the Bonds.
- (4) Total indebtedness equals the sum of current indebtedness and non-current indebtedness.
- (5) Total capitalisation equals the sum of total indebtedness and total owners' equity.

After the completion of this offering, the Group may incur additional debt or borrowings, including Renminbi denominated borrowings or debt securities in China, in the ordinary course of business.

Since 31 December 2021, the Group repaid indebtedness in the amount of approximately RMB2,166.83 million and incurred indebtedness in the amount of approximately RMB3,152.70 million.

There has been no material change in the consolidated total capitalisation and total indebtedness of the Issuer since 31 December 2021.

DESCRIPTION OF THE GROUP

OVERVIEW

Incorporated in 2010, the Group is a major state-owned infrastructure construction and urban development platform in Dongtai City, one of county-level cities in Yancheng City, Jiangsu Province, with a focus on project construction, trade, sales of resettlement housing and industrial park operation businesses in Dongtai City. Leveraging strong government support, the Group has played an important role in furthering the social and economic development of Dongtai City by undertaking and completing a large number of strategically important construction projects in Dongtai City. As at the date of this Offering Circular, the Dongtai Municipal Government and Dongtai SAOG directly hold a 98.67% and 1.33% interest in the Issuer, respectively. The Issuer is directly and ultimately controlled by the Dongtai Municipal Government. As at 31 December 2021, the Group's total assets was RMB11,118.77 million. For the years ended 31 December 2019, 2020 and 2021, the Group's total operating income was RMB1,912.92 million, RMB3,649.19 million and RMB3,916.79 million, respectively. For the years ended 31 December 2019, 2020 and 2021, the Group's net profit was RMB80.18 million, RMB108.67 million and RMB103.25 million, respectively.

The Group primarily focuses on three major business segments, namely project construction, trade, sales of resettlement housing and industrial park operation. The Group also conducts other businesses, including landscaping, inspection and cleaning services. Set forth below is an overview of the major business segments of the Group:

- **Project Construction.** The Group is one of the primary infrastructure construction platforms in Dongtai City. The Group's project construction business primarily includes both infrastructure construction and resettlement housing businesses. The Group's project construction includes carrying out preparatory works, investment and construction of individual infrastructure construction and resettlement housing projects. As at 31 December 2021, the Group had completed 16 construction projects with a total investment amount of approximately RMB2,419.74 million. For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's project construction business was approximately RMB402.65 million, RMB609.52 million and RMB362.61 million, respectively, representing approximately 21.05 per cent., 16.70 per cent. and 9.26 per cent. of the Group's total operating income, respectively.
- **Trade.** The Group engages in trade business mainly through one of its subsidiaries, namely Dongtai Bosite Industrial Co., Ltd. (東台市博斯特實業有限公司) (“**Bosite**”). The trade products primarily include non-ferrous metals, log and chemical materials. For the years ended 31 December 2019, 2020 and 2021, the operating income from the trade business was approximately RMB1,494.94 million, RMB3,024.60 million and RMB3,157.08 million, respectively, representing approximately 78.15 per cent., 88.28 per cent. and 80.60 per cent. of the Group's total operating income, respectively.
- **Sales of Resettlement Housing.** Having commenced in January 2020, the Group conducts its sales of resettlement housing business through the Issuer. The Group has been mandated by the Dongtai Municipal Government to construct and sell resettlement housing for the resettlement of former residents of land expropriated for the development of the related area in accordance with the government's policy. For the years ended 31 December 2021, the operating income from the Group's sales of resettlement housing business was approximately RMB369.90 million, representing approximately 9.44 per cent. of the Group's total operating income.

- **Industrial Park Operation.** The Group conducts its industrial park operation business through the Issuer. The Group owns one industrial park, i.e. China Europe (Dongtai) Science and Technology Industrial Park (中歐(東台)科技產業園). The Group leases industrial factory buildings to enterprise tenants and generate revenue. For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's industrial park operation business was approximately RMB1.57 million, RMB0.71 million and RMB0.64 million, respectively, representing approximately 0.08 per cent., 0.02 per cent. and 0.02 per cent. of the Group's total operating income, respectively.
- **Other Businesses.** The Group engages in other business operations that complements to its main business segments. The Group's other businesses primarily include landscaping, inspection and cleaning services. For the year ended 31 December 2019, 2020 and 2021, the operating income generated from the Group's other businesses was approximately RMB13.76 million, RMB14.36 million and RMB26.56 million, respectively, representing approximately 0.72 per cent., 0.39 per cent. and 0.68 per cent. of the Group's total operating income, respectively.

HISTORY AND DEVELOPMENT

The following sets forth key milestones in the Group's development history:

<u>Year</u>	<u>Description of Event</u>
2010	On 7 June 2010, the Issuer was established with registered capital of RMB2.00 million. The Issuer was formerly named as Dongtai Economic Development Zone Huimin Service Co., Ltd. (東台經濟開發區惠民物業服務有限公司).
2013	On 8 March 2013, pursuant to the shareholders' resolution of the Issuer, all Issuer's equity interests were transferred to the Dongtai Municipal Government. On 22 August 2013, pursuant to the shareholders' resolution of the Issuer, the Issuer's registered capital was increased to RMB32.00 million by capital injection from the Issuer's new shareholder, Dongtai SAOG. The Issuer was renamed as Dongtai Huimin Urbanisation Construction Development Co., Ltd. (東台惠民城鎮化建設發展有限公司). On 12 October 2013, pursuant to the shareholders' resolution of the Issuer, the Issuer's registered capital was increased to RMB52.00 million by capital injection from the Dongtai Municipal Government. On 20 November 2013, pursuant to the shareholders' resolution of the Issuer, the Issuer's registered capital was increased to RMB82.00 million by capital injection from the Dongtai Municipal Government. On 22 November 2013, pursuant to the shareholders' resolution of the Issuer, the Issuer's registered capital was increased to RMB100.00 million by capital injection from the Dongtai Municipal Government.

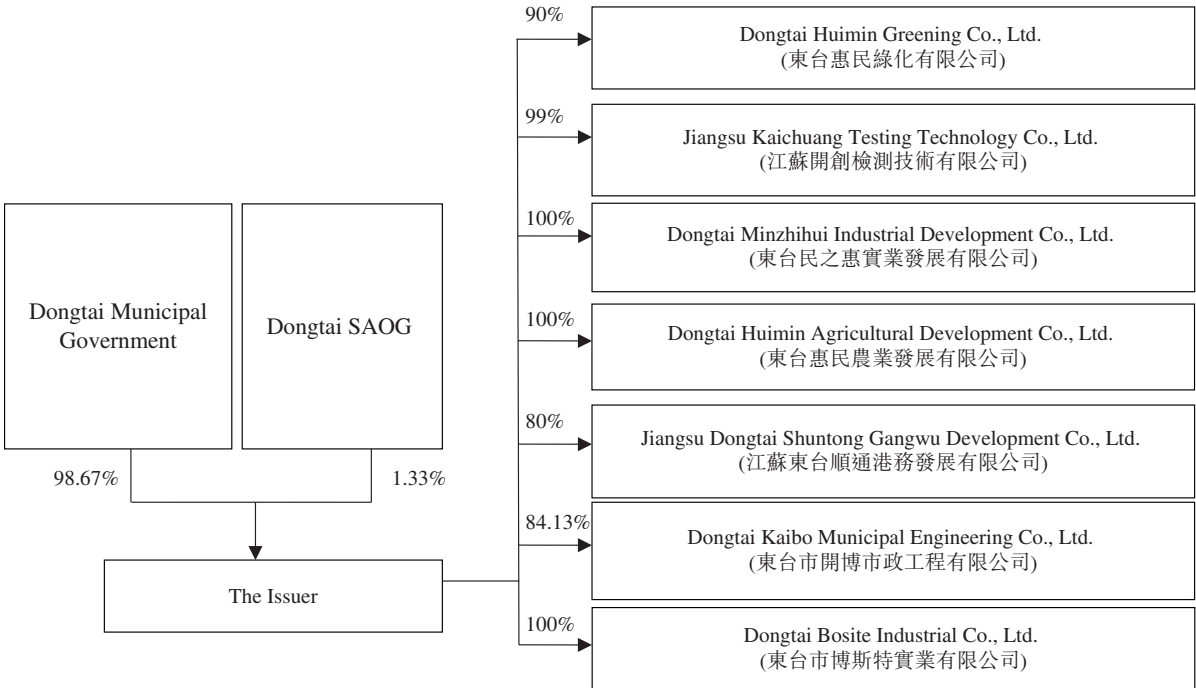
- 2014 On 11 February 2014, pursuant to the shareholders’ resolution of the Issuer, the Issuer’s registered capital was increased to RMB150.00 million by capital injection from the Dongtai Municipal Government.

On 13 February 2014, pursuant to the shareholders’ resolution of the Issuer, the Issuer’s registered capital was increased to RMB200.00 million by capital injection from the Dongtai Municipal Government.

On 13 November 2014, pursuant to the shareholders’ resolution of the Issuer, the Issuer’s registered capital was increased to RMB500.00 million by capital injection from the Dongtai Municipal Government.
- 2015 On 15 April 2015, pursuant to the shareholders’ resolution of the Issuer, the Issuer’s registered capital was increased to RMB800.00 million by capital injection from the Dongtai Municipal Government.
- 2016 On 2 March 2016, pursuant to the shareholders’ resolution of the Issuer, the Issuer’s registered capital was increased to RMB1,500.00 million by capital injection from the Dongtai Municipal Government.
- 2022 On 10 March 2022, the Issuer was renamed as Dongtai Huimin Urbanization Construction Group Co., Ltd. (東台惠民城鎮化建設集團有限公司).

CORPORATE STRUCTURE

The following table sets forth the Group’s structure indicating major subsidiaries of the Group as at 31 December 2021:



COMPETITIVE STRENGTHS

The Group believes the following competitive strengths distinguish it from its competitors and are important to its success and future development:

One of the primary state-owned infrastructure construction and urban development platforms in Dongtai City, Jiangsu Province

The Group is one of the primary state-owned infrastructure construction and urban development platforms in Dongtai City, Jiangsu Province, with a focus on project construction, trade, sales of resettlement housing and industrial park operation in Dongtai City. The Issuer is directly and ultimately controlled by the Dongtai Municipal Government. Since its establishment, the Group has played an important role in implementing the infrastructure construction and urban development policies of Dongtai City.

In addition to infrastructure construction, the Group also engages in other businesses such as landscaping, inspection and cleaning services. The Group's business portfolio is strategically aligned with the urban planning and development policies of Dongtai City. The Group believes that its market position as the major infrastructure construction and urban development platform under the supervision of the Dongtai Municipal Government as well as its track record in a diverse range of business will support and enable the Group's expansion.

Strong and continuous governmental support

In line with its importance in implementing the Dongtai Municipal Government's plan with respect to urbanisation and development of Dongtai City, the Group has received strong and continuous operational and financial support (excluding credit support or guarantees provided by the government) from the Dongtai Municipal Government. For the years ended 31 December 2019, 2020 and 2021, the aggregate fiscal subsidies provided to the Group amounted to approximately RMB95.99 million, RMB147.59 million and RMB154.80 million, respectively.

The support that the Group receives from the Dongtai Municipal Government does not include assuming any obligation to repay any payments under the Bonds or the Trust Deed or providing guarantee of any kind in respect of the Notes. See "*Risk Factors — Risks Relating to the Group's Businesses — The PRC Government (including but not limited to the Jiangsu Provincial Government, the Yancheng Municipal Government and the Dongtai Municipal Government) has no obligation to pay any amount under the Bonds*".

Access to diverse source of funding

The Group has access to various funding channels, including bank loans and financial leasing in the PRC markets. With well-established operations in various business segments, the Group has a proven track record of creditworthiness, demonstrated by the Issuer's "AA" rating in 2021, with stable outlook, from Zhongzheng Pengyuan Credit Rating Co., Ltd. (中證鵬元資信評估股份有限公司), a PRC rating agency, which allows the Group to secure favourable financing terms. The Group maintains long-term stable relationships with many major PRC financial institutions, such as Industrial and Commercial Bank of China (中國工商銀行), Bank of China (中國銀行), Bank of Jiangsu (江蘇銀行), Bank of Communications (交通銀行), China Zheshang Bank (浙商銀行) and Industrial Bank (興業銀行). The Group believes that its ability to obtain financing gives it a comparative advantage over competitors with only access to limited funding sources. As such, the Group believes that it has a solid liquidity position with access to diversified funding sources. The Group actively manages its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash flow requirements. The Group's strong financing capability has enabled it to capitalise on various business opportunities and

construct new facilities and equipment for its infrastructure construction and industrial park operation businesses, which are generally highly capital-intensive.

The Group plans to increase the proportion of direct financing from the capital markets in the future and to build a diversified financing structure that is comprised of bank loans, financial leasing and issuance of debt securities. With its existing and planned increases in diverse sources of funding, the Group believes that it will continue to have access to sufficient capital to support its business operations and expansion.

Sound and effective corporate governance and internal control

The Group has instituted a sound corporate governance and internal control system which it believes distinguishes itself from other enterprises in Dongtai City. The Group's corporate governance structure consists of board of directors, board of supervisors, senior management team and four departments which undertake different functions concerning the daily operations of the Group, namely, the Main Office, the Finance Department, the Project Construction Department and the Comprehensive Development Department. In addition, the Dongtai Municipal Government closely participates in the management of the Group and has the authority to review their performance. The Group has also established several effective internal control systems, including the bidding management system, the accounting management system, the internal control management system, the external guarantee system, the related transaction management system, the investment management system and the fund utilizing system.

An experienced management and operations team

The Group's management team has extensive experience in its various businesses, in particular with respect to project construction, trade, sales of resettlement housing and industrial park operation businesses. The Group believes that its management team's extensive experience in a broad range of industries and strong execution capabilities will continue to be instrumental in executing its business strategies, capturing market opportunities and contributing to the sustainable growth of the Group.

In addition, the Group's operational teams in all its businesses are led by professionals with extensive experiences in operation and management of the relevant industries. Furthermore, the Group's operational team is supported by a highly skilled and well-trained workforce. Throughout years of operation and management of its various businesses, the Group has been able to maintain effective and efficient management and operational control over its key members. The Group has adopted a commercially driven approach to managing its business operations while leveraging on its established relationships with governmental authorities with a view to maximising its growth potential.

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

Persist with a focus on project construction, trade, sales of resettlement housing and industrial park operation in Dongtai City

The Group has been, and strives to continue to be, the primary platform via which the Dongtai Municipal Government conducts project construction, trade, sales of resettlement housing and industrial park operation businesses in Dongtai City. In particular, leveraging the strong track record of the Group's project construction, trade, sales of resettlement housing and industrial park operation businesses, the Group intends to continue to proactively develop the Group's customer base and expand the coverage of the Group's business networks. As at 31 December 2021, the Group had completed 16 construction projects. The Group will continue to secure new operational locations and new customers to further expand its business segments.

Leveraging the strong support from the Dongtai Municipal Government, the Issuer believes that the Group is well-positioned to further expand its operations in its project construction, trade, sales of resettlement housing and industrial park operation and other businesses.

Explore new business opportunities and diversify sources of revenue

In addition to project construction, trade, sales of resettlement housing and industrial park operation businesses in Dongtai City, the Group is also conducting other businesses, including landscaping, inspection and cleaning services. The Group also plans to further diversify its business portfolio and develop other businesses that would create synergy with the Group's existing businesses.

In the future, the Group will continue to invest in areas that will complement the Group's business strategies to strengthen its profitability. The Group believes that its diversified sources of income will contribute to a steady growth of the Group's operating revenue in the future.

Continue to enhance financial management and risk control system

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures. For instance, the Group will continue to strengthen its stringent financial reporting and control system which emphasises centralised management and administration, consistent control policies and compliance with legal and regulatory requirements. The Group will also continue to work on establishing a standardised capital management mechanism to monitor capital, capital efficiency and capital risk prevention. The Group aims to effectively enhance the results and efficiency of its overall financial management through implementing a prudent investment policy to balance assets and liabilities and to balance investment returns and risk management.

Continue to build a professional management team

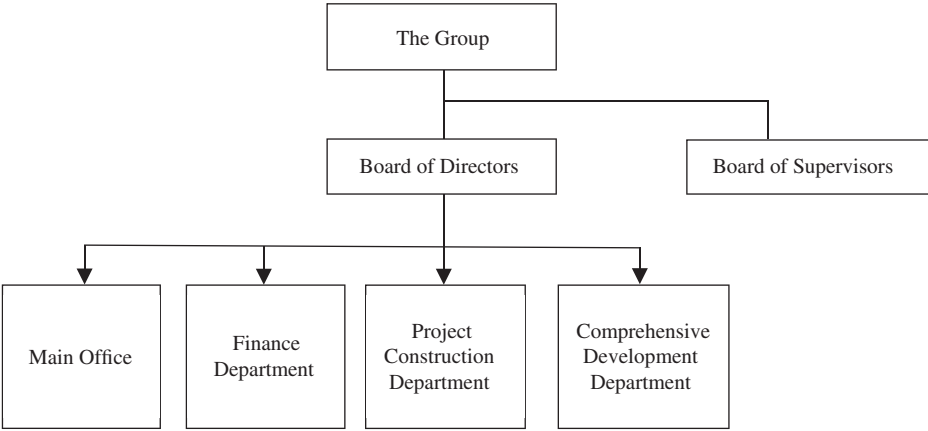
The Issuer believes that the Group's experienced management team has been a key factor in contributing to its success in its all business segments. The Group will continue to build a professional management team with well-educated and experienced personnel, carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals through the Group's management team.

Attract, motivate and retain high-quality talent

The Group believes that its human resources are important assets and that its continued ability to compete effectively in existing businesses depends on its ability to attract, motivate and retain talent. The Group is committed to building a professional and highly skilled team with strong execution capabilities. To attract and retain talented professionals, the Group intends to offer systemic and comprehensive training programmes to its employees, such as the programmes targeted at employees of different seniorities at different stages of their career. The Group also seeks to motivate and retain high-quality talent through its performance-based compensation system, which reinforces the employees' commitment to the Group's culture and promotes a cohesive work environment.

ORGANISATION STRUCTURE

The chart below shows the Group’s general organisational structure as at 31 December 2021:



This organisational management structure helps the Group ensure the efficiency and unity carrying out its strategic decisions. Under the Group’s operational structure, different departments work closely with each other throughout all stages of the business operation.

The Group has established four specialised departments to supervise and manage the daily operation of its businesses, namely the Main Office, the Finance Department, the Project Construction Department and the Comprehensive Development Department.

- The Main Office is primarily responsible for general administrative management, including files management, meetings management, recruitment, corporation publicity and information management.
- The Finance Department is primarily responsible for accounting, cost management and capital management, etc. It is also responsible for accounting management of various construction projects.
- The Project Construction Department is primarily responsible the management work of various construction projects. It is also responsible for implementing the Group’s annual plan for investment and construction projects.
- The Comprehensive Development Department is primarily responsible for making and implementing the Group’s annual plans and strategies. It is also responsible for responsible for the Group’s personnel system, staff recruitment, staff training and human resource file management.

RECENT DEVELOPMENTS

The recent COVID-19 pandemic outbreak

Since it began in December 2019, the COVID-19, which caused pneumonia-like illness has caused substantial disruption in international economies and markets. While the PRC domestic economy has remained generally stable in recent years, it is facing mounting downward pressure, especially due to the sudden outbreak of COVID-19. The PRC government has imposed a number of measures in an effort to contain the spread of COVID-19, including mandatory business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. These containment measures have caused disruptions across the PRC and the region. As a result, the PRC government has announced various support measures, including 30 response financial measures and a list of tax-related

measures. The State Council has also exempted payment of registration fees for drugs and medical equipment and payment to the Civil Aviation Development Fund by civil aviation companies which are relevant to COVID-19 prevention, temporarily reduced or exempted social security contributions and postponed housing funds contributions from companies, as well as provided unemployment insurance refunds (up to 100 per cent.) to companies with no or few layoffs.

In response to the COVID-19 pandemic, the Group has implemented certain measures to minimise the spread of the disease and its effects on its operations. For example, the Group has been monitoring the health condition of its employees through regular coronavirus testing, disinfecting its facilities, establishing a detailed visitor registration mechanism by setting up a visitors log, quarantine, temporary lockdowns, and closed-off management.

Since 2022, new cases, from time to time, have been reported in Jiangsu province and several other areas throughout the PRC. Facing the highly transmissible Omicron variant, China is sticking with a dynamic zero-COVID policy and strict measures have been imposed again to curb this potential resurgence. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which the Group may be affected in the long run. The Group cannot assure that its business, financial condition and results of operations will not be materially and adversely affected.

Despite the impact of the COVID-19 pandemic, the views of the Group on the PRC's positive economic fundamentals for sustained growth and long-term trajectory have not changed. If the conditions in the PRC continue to improve, the Group anticipates that the impact of the COVID-19 pandemic on its overall operating results and financial condition during the current fiscal year may be limited. Given the uncertainty of the outbreak, however, the spread of COVID-19 may be prolonged and worsened, and the Group may be forced to scale back or even suspend its operations in the affected areas. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the Group's financial position and operating results. See "*Risk Factors — 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*".

Interim Results as at and for the Three Months Ended 31 March 2022

The Group's quarterly financial information as at and for the three months ended 31 March 2022, which was prepared according to PRC GAAP ("**First Quarter Financial Information**"). The First Quarter Financial Information is not included in and does not form a part of this Offering Circular.

As at 31 March 2022, the Group's current assets, current liabilities and non-current liabilities all increased as compared to 31 December 2021. In particular, as at 31 March 2022, the Group's accounts receivable, inventories, other payables, long-term borrowing and long-term payables increased while its bonds payable decreased as compared to 31 December 2020. For the three months ended 31 March 2022, the Group's operating revenue decreased while its operating profits and net profits increased as compared to the same period in 2021.

The First Quarter Financial Information has not been audited or reviewed by the Group's independent accountants, or any other independent accountants and may be subject to adjustments if audited and reviewed. Consequently, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

DESCRIPTION OF THE GROUP'S BUSINESSES

Overview

The Group is a primary state-owned infrastructure construction and urban development platform in Dongtai City, Jiangsu Province, with a focus on project construction, industrial park operation and trade in Dongtai City. The Group is directly and ultimately controlled by the Dongtai Municipal Government. The Group primarily focuses on three major business segments, namely (i) project construction, (ii) trade, (iii) sales of resettlement housing and (iv) industrial park operation. The Group also conducts other businesses, including landscaping, inspection and cleaning services.

The following table sets forth a breakdown of the operating income from each business segment of the Group for the years indicated:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
Operating income by business segment						
Project Construction	402.65	21.05	609.52	16.70	362.61	9.26
Trade	1,494.94	78.15	3,024.60	82.88	3,157.08	80.60
Sales of Resettlement Housing	–	–	–	–	369.90	9.44
Industrial Park Operation	1.57	0.08	0.71	0.02	0.64	0.02
Other Business	13.76	0.72	14.36	0.39	26.56	0.68
Total	1,912.92	100.00	3,649.19	100.00	3,916.79	100.00

Project Construction

Overview

The Group is one of the primary infrastructure construction platforms in Dongtai City. The Group's project construction business primarily includes both infrastructure construction and resettlement housing businesses. The Group's project construction business includes carrying out preparatory works, investment and construction of individual infrastructure construction and resettlement housing projects. As at 31 December 2021, the Group had completed 16 construction projects with a total investment amount of approximately RMB2,419.74 million.

For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's project construction business was approximately RMB402.65 million, RMB609.52 million and RMB362.61 million, respectively, representing approximately 21.05 per cent., 16.70 per cent. and 9.26 per cent. of the Group's total operating income, respectively.

Business Model

Infrastructure Construction

The Group's infrastructure construction projects are generally conducted under the agent construction model. Under the agent construction model, details of the infrastructure construction projects to be constructed by the Group (such as the scope of work and the calculation of payment amount) are generally set out in the Entrusted Construction Agreement (委託代建合同) between the Group and the designating party. The Group is typically responsible for various aspects of the infrastructure construction projects, including planning, investment and construction. The Group primarily relies on its own funding and external financings to finance the infrastructure construction projects. Upon completion

and inspection of a construction project, the Group will hand over the entire project to the designating party under the Entrusted Construction Agreement.

In accordance with each Entrusted Construction Agreement, following satisfactory inspection and audit of the infrastructure construction project by the designating party, the Group will, for each infrastructure construction project, be entitled to a sum amount of the project cost incurred plus a premium which is calculated based on 20 per cent. of the project cost incurred. Such amount was typically paid in full within ten years.

Resettlement Housing

For the resettlement housing project, the Dongtai Economic Development Zone Management Committee (東台市經濟開發區管委會) announces the development indicators of public rental housing, low-rent housing, affordable housing, price-limited housing, and shantytown renovation. The Group will carry out the construction and development of each resettlement housing project in accordance with relevant laws and regulations of the Dongtai Municipal Government. After each resettlement housing project is completed, the resettlement housing project will be sold or leased to generate revenue according to the price guidelines determined by the Dongtai Economic Development Zone Management Committee.

Project Description

Completed Projects

As at 31 December 2021, the Group had completed 16 construction projects with a total investment amount of approximately RMB2,419.74 million. The following table sets forth the particulars of the Group's completed infrastructure construction projects:

Project	Total Investment	Invested Amount	Confirmed Payment
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Pipe Network 6.8KM Project (管網工程6.8公里項目)	10.34	10.34	12.34
Zhiwu Road Project (支五路工程)	7.40	7.68	9.21
Guangrong South Road Project (光榮南路工程)	19.30	20.02	24.03
Development Sixth Road Project (開發六路工程)	5.50	5.71	6.85
Development Seventh Road Project (開發七路工程)	10.80	11.20	13.45
East District First Road Project (東區一路工程)	52.60	54.57	65.49
Yanhe North Road Project (沿河北路)	26.60	27.60	33.12
Development Zone Avenue Project (開發區大道)	30.90	30.90	37.08
Binhe Garden Project (濱河花苑項目)	1,050.00	1,024.15	1,227.69
Jingba Road Extension Project (經八路延伸段工程)	20.60	22.24	26.69
333 Provincial Highway East Extension Project (333省道東延段工程)	6.80	7.34	8.81
East District Third Road (東區三路)	65.90	71.14	85.37
East District Fourth Road, East District Fifth Road, Renmin Road, Zhisan Road and Jingshi Road Project (東區四路、東區五路、人民路、支三路、經十路)	188.00	183.22	219.86
Development Zone East District Road Supporting Facilities Construction Project (開發區東區道路配套工程項目)	90.00	69.61	76.64
Xinjingyuan Construction Group Road Construction Project (新景源建設集團道路建設)	95.00	35.52	42.62
Yancheng Inland River Port Dongtai Port Central Area Wharf Project (鹽城內河港東台港區中心作業區碼頭工程項目)	740.00	553.65	664.38
Total	2,419.74	2,134.88	2,553.60

Projects under Construction

As at 31 December 2021, the Group had ten construction projects under construction with a total estimated investment amount of approximately RMB2,726.98 million. The following table sets forth the particulars of the Group's construction projects under construction:

Project	Total Estimated Investment Amount	Actual Investment Amount	Construction Period
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	
Dongtai City Chengdong Sewage Treatment Plant Expansion Project (東台市城東污水處理廠擴建工程項目)	109.50	19.12	2018-2024
Development Zone East District Road Supporting Facilities Construction Project (開發區東區道路配套工程項目)	90.00	125.95	2019-2025
Dongtai Economic Development Zone 2020 Infrastructure Project (東台經濟開發區2020年基礎設施項目)	617.30	0.78	2020-2024
Dongtai Economic Development Zone Fuxin Resettlement Area Project (Phase II) (東台經濟開發區富新安置區二期工程)	190.00	332.50	2019-2023
Dongtai Economic Development Zone Santuan Resettlement Area Project (Phase III) (東台經濟開發區三團安置區三期工程)	570.00	579.05	2019-2023
Dongtai Economic Development Zone Chengbei New Apartment Project (Phase III) (東台經濟開發區城北新寓三期工程)	260.00	241.37	2018-2024
Dongtai Economic Development Zone Binhe Garden Project (Phase IV) (東台經濟開發區濱河花苑四期工程)	70.00	48.16	2019-2023
Santuan Resettlement Area Construction Project (新團安置區工程項目)	480.00	49.48	2020-2022
Economic Development Zone New Talent Apartment Project (開發區新建人才公寓工程項目)	130.00	76.07	2018-2023
New Transitional Housing and Supporting Facilities Project (新建過渡房及配套設施)	210.18	174.48	2020-2025
Total	2,726.98	1,646.94	-

Trade

The Group engages in trade business mainly through one of its subsidiaries, namely Bosite. The trade products primarily include non-ferrous metals, log and chemical materials.

For the years ended 31 December 2019, 2020 and 2021, the operating income from the trade business was approximately RMB1,494.94 million, RMB3,024.60 million and RMB3,157.08 million, respectively, representing approximately 78.15 per cent., 88.28 per cent. and 80.60 per cent. of the Group's total operating income, respectively.

Trade products

The table below sets forth the Group's main trade products for the year ended 31 December 2021.

Trade products	Sales	Percentage of total sales
	<i>(RMB in millions)</i>	<i>(%)</i>
Wood Log	2,991.47	94.75
Coal	121.94	3.86
Hot Rolled Coils	43.67	1.38
Total	3,157.08	100.00

Customers

The table below sets forth the Group's top five customers for the year ended 31 December 2021.

Customers	Sale amount	Percentage of total sale amount
	(RMB in millions)	(%)
Shanneng International Industrial Investment Group (Hainan) Co., Ltd. (山能國際產業投資集團(海南)有限公司)	827.17	26.20
Xiushui Minghuang Trading Co., Ltd. (修水縣鳴凰貿易有限公司)	263.67	8.35
Jiangsu Yuxie Industrial Co., Ltd. (江蘇豫協實業有限公司)	236.62	7.49
Jiangsu Construction Engineering Group Supply Chain Management Co., Ltd. (江蘇省建築工程集團供應鏈管理有限公司)	232.68	7.37
Fujian Kejia Culture Tourism Group Co., Ltd. (福建客家文化旅遊集團有限公司)	153.32	4.86
Total	1,713.46	54.27

Suppliers

The table below sets forth the Group's top five suppliers for the year ended 31 December 2021.

Suppliers	Purchase amount	Percentage of total purchase amount of raw materials
	(RMB in millions)	(%)
China Forestry Products Group Co., Ltd. (中國林產品集團有限公司)	803.44	25.45
Yanwo (Nantong) Materials Co., Ltd. (燕沃(南通)物資有限公司)	387.23	12.27
Deqing Puhua Energy Co., Ltd. (德清普華能源股份有限公司)	315.60	10.00
Qinhuangdao Port Dinghui Energy Development Co., Ltd. (秦皇島港鼎暉能源發展有限公司)	183.88	5.83
Ningbo Yuxie Products Co., Ltd. (寧波豫協物產有限公司)	178.33	5.65
Total	1,868.47	59.20

Business Model

The Group's main trade products are non-ferrous metals, log and chemical materials. The Group adopts the purchase-to-order business model, i.e. the Group first enters into sales contracts with downstream customers and based on the customer orders as reflected in the sales contracts enters into purchase contracts with upstream suppliers. The Group makes profits through the price difference between purchases and sales.

Sales of Resettlement Housing

Overview

Having commenced in January 2020, the Group conducts its sales of resettlement housing business through the Issuer. The Group has been mandated by the Dongtai Municipal Government to construct and sell resettlement housing for the resettlement of former residents of land expropriated for the development of the related area in accordance with the government's policy.

For the years ended 31 December 2021, the operating income from the Group's sales of resettlement housing business was approximately RMB369.90 million, representing approximately 9.44 per cent. of the Group's total operating income.

Payment

Due to the nature of the resettlement housing business, the price of residential units developed by the Group is strictly controlled by the Dongtai Municipal Government. Purchasers of the residential units in the resettlement housing projects pay the entire purchase price before the homes are delivered.

Industrial Park Operation

Overview

The Group conducts its industrial park operation business through the Issuer. The Group owns one industrial park, i.e. China Europe (Dongtai) Science and Technology Industrial Park (中歐(東台)科技產業園). The Group leases industrial factory buildings to enterprise tenants and generate revenue.

For the years ended 31 December 2019, 2020 and 2021, the operating income from the Group's industrial park operation business was approximately RMB1.57 million, RMB0.71 million and RMB0.64 million, respectively, representing approximately 0.08 per cent., 0.02 per cent. and 0.02 per cent. of the Group's total operating income, respectively.

China Europe (Dongtai) Science and Technology Industrial Park

The China Europe (Dongtai) Science and Technology Industrial Park is located at the Jingba Road Dream Avenue of Dongtai City. It has a total construction area of approximately 0.30 million square meters with the purpose of providing public services and life services within the industrial park. It covers an area of about 600 acres, of which the core service area covers an area of 57.8 acres, while the ABCDE production area covers an area of 542.2 acres. The production area develops a series of standard factories for settled enterprises and provides production infrastructure to enterprise tenants. It is expected to be fully operated in early 2023.

Business Model

The Group generates revenue from leasing the factory buildings in The China Europe (Dongtai) Science and Technology Industrial Park to the settled enterprise tenants. If the settled enterprise tenant joins the industrial park under the investment attraction scheme, the rent will be waived for the first three months during the transition period. The monthly rental fee after the transition period is RMB120 per square metre per year and will be settled on a yearly basis. Additionally, the settled enterprise tenants are required to pay for the Group a deposit of RMB10,000 for temporary water and electricity usage fees, and a deposit of RMB30,000 for the lease of factories in the industrial park.

Other Businesses

The Group engages in other business operations that complements to its main business segments. The Group's other businesses primarily include landscaping, inspection and cleaning services. For the year ended 31 December 2019, 2020 and 2021, the operating income generated from the Group's other businesses was approximately RMB13.76 million, RMB14.36 million and RMB26.56 million, respectively, representing approximately 0.72 per cent., 0.39 per cent. and 0.68 per cent. of the Group's total operating income, respectively.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. The Group is not aware of significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

RISK MANAGEMENT

The Group has established a risk management system to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including the management system, the investment management system, the major matters determination system and the external guarantee system. Each department of the Group is informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner. The Group also normally conducts detailed discussions and follows requisite appraisal procedures to ensure that informed and viable investment decisions are made.

EMPLOYEES

As at 31 December 2021, the Group had approximately 67 employees. The Group maintains a good working relationship with its employees and as at 31 December 2021, the Group has not experienced any strikes, work stoppages, labour disputes or actions which would have a material adverse effect on its overall business, financial condition or results of operations.

In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension plan, medical insurance, unemployment insurance, maternity insurance as well as personal injury insurance. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. The Group enters into an employment contract with each employee in accordance with applicable PRC laws. Such contracts include provisions on wages, annual leave, employee benefits, training programs, health and safety, confidentiality obligations and grounds for termination.

INSURANCE

The contractors engaged in most of the Group's construction projects are required to obtain contractors all-risk and third-party liability insurance. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, the Group purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice.

ENVIRONMENT MATTERS

The Group's operations are subject to various environmental laws. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Issuer is not aware of any environmental proceedings or investigations to which any member of the Group is or might become a party.

LEGAL PROCEEDINGS

The Group may from time to time be involved in disputes and legal proceedings arising in the ordinary course of its business. To the best of the Issuer's knowledge, there are no current litigation or arbitration proceedings against the Group or its executive director as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon. The Issuer confirms that the information included below has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

OVERVIEW

Bank of Shanghai (formerly known as Shanghai City United Bank Ltd.) was incorporated in Shanghai, PRC, on 30 January 1996 as a joint-stock commercial bank and is listed on the main board of the Shanghai Stock Exchange (stock code: 601229). With the approval from the PBOC, it changed its name from Shanghai City United Bank Ltd. to Bank of Shanghai Co., Ltd on 16 July 1998. Bank of Shanghai obtained a financial business certificate No. B0139H231000001 with the approval from the CBRC and obtained a business license with unified social credit code 91310000132257510M issued by the Shanghai Municipal Administration of Industry and Commerce. As at 31 December 2021, it had a total of 335 branches including Shanghai, Beijing, Shenzhen, Tianjin, Chengdu, Ningbo, Nanjing, Hangzhou, Suzhou, Wuxi, Shaoxing, Nantong, Changzhou, Yancheng, and Wenzhou. Bank of Shanghai has business operations across the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, and Central and West China.

As at 31 December 2021, Bank of Shanghai's total asset stood at RMB2.65 trillion, which represented an increase of 7.76 per cent. since the end of 2020. It recorded a net profit of RMB22.04 billion as at 31 December 2021, which represents an increase of 5.54 per cent. since 31 December 2020.

With the strategic vision of providing boutique banking service and the core values of utmost sincerity and good faith, Bank of Shanghai has specialized its operations and customized its management in order to deliver a high level of services in, including but not limited to, supply chain, scientific technology, welfare-based investment, transactions and cross-border banking as well as consumer, pension-based and online finance. Over the past few years, Bank of Shanghai has taken advantages of financial and high-tech trends to deliver more intelligent and professional services to meet the demands of corporate and individual clients for increasingly diverse financial services.

STRENGTH OF BANK OF SHANGHAI

In aligning its development with China's national strategy and Shanghai's "three major tasks and one major platform", Bank of Shanghai has been capitalizing on synergy so as to deliver better regional

services, provide better financial services to the real economy by offering more small- and micro-credit as well as developing an online model of inclusive finance. Bank of Shanghai also puts retail banking as a crucial part of its business and has put in place a retail business system for customer operations, foundational support and creation of a business ecosystem, which benefits deeper technology integration and helps to increase risk operation and management capabilities.

Bank of Shanghai has obtained many honours and awards throughout the years, among which, it was ranked 83rd in the world by Brand Finance, the independent brand assessment agency in association with the British “The Banker” magazine, in the “2020 Global Bank Brand Value Top 500” list, ranked 73rd in terms of Tier 1 capital by the British “The Banker” in the “Top 1000 Global Banks” ranking. Bank of Shanghai won the “Best Pension Financial Service in China” award in the “2020 China Awards Program”, the “Best Progressive Retail Bank in Asia Pacific, Middle East and Africa” award and “Best Progressive Retail Bank in China” award in “2020 International Retail Financial Service Excellence Award”, “China Best Private Wealth Charity Service Award” in the “Asian Banker of the Year 2020 – Global Wealth and Society Awards Program”, each organized by “The Asian Banker” magazine, respectively. It was awarded “Top 100 Self-operated Settlement” in the “2021 China Bond Member Business Development Quality Assessment” organised by the Central Government Bond Registration and Clearing Co., Ltd., the “Market Impact Award” and “Market Innovation Award” in the “Interbank Local Currency Market Evaluation 2021” organised by the National Interbank Offered Rate Centre, the “Best Chinese Wealth Management Bank of the Year 2021” in the 6th Asia Pacific Wealth Forum “Golden Prize” Awards, and the “Outstanding Regional Commercial Bank of the Year 2021” in the Banking Industry Awards organised by China Web.

PRINCIPAL BUSINESS ACTIVITIES

Bank of Shanghai’s principal lines of business consist of wholesale financial business, retail finance business, internet finance business, information and technology and R&D business and channel construction business.

(i) Wholesale financial business

The wholesale financial business of Bank of Shanghai mainly includes corporate deposits and loans of domestic and foreign currencies, and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include settlement business, cash management business, investment banking business, custody business, guarantees and loan commitments business, agency services, corporate asset management services and trading and settlement of foreign exchange business.

Bank of Shanghai continues to deepen the integration of the Yangtze River Delta and gives priority to its business development in Shanghai, the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei Region and other key areas. It has upgraded “Six Major Financial Services” including inclusive finance, supply chain finance, scientific and innovative finance, livelihood finance, green finance and cross-border finance, developed the linkage between commercial and investment banks, established an integrated operating system, deepened customer operations, optimized business structures, which has continuously enhanced Bank of Shanghai’s market competitiveness.

(ii) Retail finance business

Bank of Shanghai provides a broad range of products and services to individual clients, including individual loans, individual deposits, bank cards and products and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include wealth management for individuals, investment services, agency services, agency insurance, agency payment, trading and settlement of foreign exchange and pension finance.

Bank of Shanghai focuses on the strategic positioning of the retail “top priority”. It has been and will continue to actively serve the national strategy and regional economy, exploring new needs of customers and focus on the empowerment of financial technology. Bank of Shanghai actively optimizes business structure in consumer finance, strengthens risk management, seizes market opportunities for wealth management and continues to accelerate business development. It also aims to accelerate digital transformation for pension finance and to maintain its leading position in the financial market. Bank of Shanghai has fully supported the fight against Covid-19, launched the “11 measures for retail business to prevent and control outbreaks of Covid-19 and serve people’s livelihoods”, and made every effort to provide financial services for all types of individual customers during outbreaks of Covid-19.

(iii) Internet finance business

Bank of Shanghai keeps innovating financial products and services by leveraging digital financial platforms and connecting various fintech-empowered scenarios and customers. In addition, it has been working on a digital internet finance business and product system which features a self-operated ecosystem to achieve rapid development of “one body and two wings”.

Focusing on platform connection, business innovation and capacity building, Bank of Shanghai has solved customers’ demands with financial technology applications, deepened the construction of digital open banks, promoted the innovation of internet financial products and provided basic support for the digital transformation and integrated operation of public and retail customer services.

(iv) Information technology and R&D business

Bank of Shanghai actively responded to the impact of COVID-19 outbreaks. For instance, it has been continuously upgrading its working mechanism of technology business integration, which aims to accelerate the innovation of business products by using scientific and technological means. In addition, it has strengthened construction of IT infrastructure and empowered high-quality development of management. Bank of Shanghai adapts to changes and has been constantly improving scientific and technological capabilities. In addition, it has always adhered to the integrated and collaborative information technology construction management, expanded the integrated management mechanism of technology business to corporate business, retail business, financial market and other business fields, and formed a full-process collaborative management mechanism from demand proposal to product launch.

(v) Channel construction business

With integrated online and offline operation that highlights “customers, products and channels”, Bank of Shanghai devotes itself to creating an online channel with “end-to-end” high-quality service experience, continuously optimizes the layout of physical outlets and commercial form images, and improves the digital and intelligent operation capabilities and the value contributions of online and offline channel customers.

In terms of mobile banking channels, Bank of Shanghai intensified the personal mobile banking services with a simplified and smart system. In response to customers’ feedbacks, Bank of Shanghai provided individualized services targeting customers with demands in consumption, pension, wealth and agency payment.

In terms of online banking channels, Bank of Shanghai’s personal online banking service has continuously enriched the types of deposits, wealth management and loans, and added new products from time to time, such as Zhajidai loans in inclusive finance. Bank of Shanghai also provides services such as differentiated fees for wealth management, financial statements and quick connection of Yinbaotong with insurance companies and message centres.

BOARD OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The board of directors, supervisors and senior management of Bank of Shanghai as at 31 December 2021 comprise of:

Name	Title
Jin yu	Executive Director, Chairman
Zhu Jian	Executive Director, Vice chairman, President
Shi Hongmin	Executive Director, Vice president, Chief financial officer
Ye Jun	Director
Ying Xiaoming	Director
Gu Jinshan	Director
Kong Xuhong	Director
Li Jian	Director
Tao Hongjun	Director
Zhuang Zhe	Director
Guo Xizhi	Director
Gan Xiangnan	Director
Li Zhengqiang	Independent Director
Yang Dehong	Independent Director
Sun Zheng	Independent Director
Xiao Wei	Independent Director
Xue Yunkui	Independent Director
Gong Fangxiong	Independent Director
Jia Ruijun	Chief supervisor
Ge Ming	External Supervisor
Yuan Zhigang	External Supervisor
Tang Weijun	External Supervisor
Lin Liqun	Employees' supervisor
Zhang Lei	Employees' supervisor
Hu Debin	Vice president, Chief information officer
Wang Ming	Vice president
Cui Qingjun	Vice president
Li Xiaohong	Secretary to the board of directors
Zhu Shouyuan	Director of operations
Zhou Ning	Director of human resources

FINANCIAL INFORMATION

Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of Bank of Shanghai, as well as its public filings, can be downloaded free of charge from the website of the Shanghai Stock Exchange at <http://www.sse.com.cn>. Such financial statements and public filings are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained on the website of the Shanghai Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, and none of them takes any responsibility for any information contained on the website of the Shanghai Stock Exchange.

GENERAL INFORMATION

Bank of Shanghai's head office is located at No.168, Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120. Bank of Shanghai's website address is <https://www.bosc.cn/zh/>. Information contained on Bank of Shanghai's website is subject to changes from time to time. No representation is made by the Issuer, the Managers, the Trustee or the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank and none of the Issuer, the Managers, the Trustee, the Agents or the Pre-funding Account Bank or the LC Proceeds Account Bank takes any responsibility for any information contained on Bank of Shanghai's website.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The Company's board of directors (the “**Board**”) currently consists of three directors, including one chairman, one director, and one employee representative director. The Board is primarily responsible for, among others, determining the Company's annual operation guidelines and investment plans, formulating the Company's annual financial budget plans and accounting plans, annual profit distribution plans, and deficit covering plans, determining the Company's external financing plans and internal management structure, the appointment and removal of the general manager and the other senior managers as well as their compensations. Each of the directors is appointed for a term of three years, which is renewable upon re-election and re-appointment.

Name	Age	Position
Mr. SUN Guoping (孫國平)	44	Chairman of the Board and General Manager
Mr. YANG Jing (楊晶)	38	Director
Mr. GAO Xin (高鑫)	28	Employee Representative Director

Mr. SUN Guoping (孫國平), aged 44, is the chairman of the Board and the general manager of the Company. Prior to joining the Group, Mr. Sun was an accountant of Dongtai Finance Office (東台鎮財政所) and Dongtai Agricultural Economics Service Centre (東台農經服務中心), the head of Nanshenzao Town Finance Office (南沈灶鎮財政所), a deputy director of general office and a chief of the administrative political and law section of Dongtai Finance Bureau (東台市財政局) and the head of Finance Bureau of Dongtai Economic Development Zone of Jiangsu Province.

Mr. YANG Jing (楊晶), aged 38, is a director of the Company. Prior to joining the Group, Mr. Yang was a clerk at Economic Development Bureau of Dongtai Economic Development Zone (東台經濟開發區經濟發展局) and a project manager at Dongtai Huimin Real Estate Development Co., Ltd. (東台市惠民房地產開發有限公司).

Mr. GAO Xin (高鑫), aged 28, is the employee representative director of the Company. Prior to joining the Group, Mr. Gao was an accountant at Dongtai Traditional Chinese Medicine Hospital (東台市中醫院).

SUPERVISORS

The Company's board of supervisors (the “**Supervisory Board**”) currently consists of five supervisors, including one chairman, two supervisors, and two employee representative supervisors. The responsibilities of the Supervisory Board include, but not limited to, overseeing the Company's financial positions, supervising the implementation of laws, regulations, and the articles of association of the Company, supervising, evaluating, and recording the work performance of the directors and the senior management of the Company.

Name	Age	Position
Ms. LIAN Xiu (練秀)	26	Chairman of the Supervisory Board
Mr. JIN Xiaojun (金小君)	42	Supervisor
Mr. FENG Ming (馮明)	32	Supervisor
Mr. FENG Songhua (馮松華)	58	Employee Representative Supervisor
Mr. YANG Yongming (楊永明)	65	Employee Representative Supervisor

Ms. LIAN Xiu (練秀), aged 26, is the chairman of the Supervisory Board of the Company.

Mr. JIN Xiaojun (金小君), aged 42, is a supervisor of the Company. Prior to joining the Group, Mr. Jin was a staff at Dongtai Huimin Property Co., Ltd. (東台市惠民物業有限公司).

Mr. FENG Ming (馮明), aged 32, is a supervisor of the Company.

Mr. FENG Songhua (馮松華), aged 58, is an employee representative supervisor of the Company. Ms. Feng serves concurrently as the general account at Dongtai Huimin Property Co., Ltd. (東台市惠民物業有限公司), a subsidiary of the Company.

Mr. YANG Yongming (楊永明), aged 65, is an employee representative supervisor of the Company. Ms. Yang serves concurrently as the deputy general account at Dongtai Huimin Property Co., Ltd., a subsidiary of the Company.

SENIOR MANAGEMENT

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

Name	Age	Position
Mr. SUN Guoping (孫國平)	44	Chairman of the Board and General Manager

Mr. SUN Guoping (孫國平), please see “— *Directors*” above.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, rules and regulations in effect as of 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. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including any possible consequences under the laws of their country of citizenship, residence or domicile.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Enterprise Income Tax

Pursuant to the EIT Law and its implementation regulations and IIT Law, which was amended on 30 June 2011 and took effect on 1 September 2011, and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals.

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by the State Administration of Taxation of China. To enjoy this preferential tax rate of 7 per cent., the Issuer could apply, on behalf of the Bondholders, to the State Administration of Taxation of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on

the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

Stamp Duty

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

VAT

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

According to Circular 36, the entities and individuals providing the services within PRC are subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services potentially subject to VAT include the provision of financial services such as the provision of the loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the Bondholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. In the event the Issuer is deemed to be in the PRC by the PRC tax authorities, the Bondholders may be regarded as providing the financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Bondholders may subject to withholding VAT at the rate of 6% plus related surcharges.

Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of which 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 Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the “*Terms and Conditions of the Bonds*”.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) 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 derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

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.

Stamp Duty

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

FATCA

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

PRC REGULATIONS

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

THE PRC LEGAL SYSTEM

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

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

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

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

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

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

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts comprise the basic courts, the intermediate courts and the high courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are

organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The high level court supervises the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal from a judgment or order of a local court to the court at the next higher level. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC last amended and took effect on 1 January 2022 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the location of the object of the action. However, such selection shall not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request the enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If a party fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles, sovereignty or security of the PRC, or for reasons of social and public interests.

REGULATIONS RELATING TO OVERSEAS FINANCING

SAFE Registration

Pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the Issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

PBOC Circular Regarding Cross-border Financing

In early 2016, PBOC introduced a pilot macro-prudential management system for cross-border financing (the “**MP Financing Management System**”) which specifically applied to 27 designated banks and non-financial enterprises registered in four free trade zones in Shanghai, Tianjin, Guangdong and Fujian (the “**FTZ**”). On 29 April 2016, the PBOC issued the Circular on Implementing Overall Macroprudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知》) (the “**2016 PBOC Circular**”) to extend the MP Financing Management System nationwide. On 11 January 2017, the PBOC issued the Notice on the Relevant Issues of the Full Scale Macro-prudential Management of Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》(銀發[2017]9號)) (the “**2017 PBOC Circular**”), which came into effect on the same day. Under the 2017 PBOC Circular, enterprises are required to file with SAFE after a cross-border financing agreement is signed and at least three working days prior to the drawdown of the loan or issue of debt securities, and report the relevant capital settlement information after making such capital settlement. In addition, the enterprises are also required to update the information with respect to the cross-border financing every year. In the event that the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprises are required to complete the change of the filing in due course. The 2017 PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities.

NDRC REGISTRATION IN RELATION TO FOREIGN DEBTS MANAGEMENT

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

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

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

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

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

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as the Belt and Road strategy, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification. The Issuer undertakes that it will comply with the requirements of the NDRC Circular in respect of the Bonds.

REGULATIONS APPLICABLE TO THE GROUP'S BUSINESS

Building and Construction

Construction Law of the People's Republic of China (《中華人民共和國建築法》)

In accordance with the Construction Law of the People's Republic of China, prior to the commencement of a construction project, the developer shall apply to the construction administrative authorities of a People's Government of county level and above at the location of the project for a construction permit pursuant to the relevant provisions of the State. Construction enterprises engaging in construction activities shall be classified under different qualification grades based on qualification criteria such as their registered capital, technical professionals, technical equipment owned and track records of completed construction projects, and may engage in construction activities within the scope permitted by their qualification grade upon passing examination of qualifications and obtaining the qualification certificate of the corresponding grade.

Administrative Measures for the Subcontracting of Housing and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程施工分包管理辦法》)

In accordance with the Administrative Measures for the Subcontracting of Housing and Municipal Infrastructure Projects, the term "subcontracting of specialised project" as mentioned in the present Measures refers to the activity in which an enterprise which undertakes an entire construction project (the "**specialised project contract-letting party**") subcontracts the specialised project of the project to another construction enterprise with appropriate qualifications (the "**specialised project contractor**"). No project developer may directly designate a project subcontractor, and no entity or individual may interfere with subcontracting activities carried out in accordance with the law. A project subcontractor shall have the appropriate qualification and undertake business within the scope of its qualification grade. Apart from being agreed upon in the general construction contract, the subcontracting of specialised project shall also be approved by the project developer concerned. The specialised project subcontractor shall complete the subcontracted project by itself.

Quality Management

Laws and regulations on project quality mainly include the Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) last amended by the State Council on 23 April 2019 and becoming effective on the same date, Administrative Measures for Quality Management of Construction Project Survey (《建設工程勘察質量管理辦法》) amended by MOC on 22 November 2007 and becoming effective on the same date, Administrative Measures for the Administration of Quality Warranty Funds of Construction Projects (《建設工程質量保證金管理辦法》) issued jointly by the Ministry of Housing and Urban-Rural Development (“MOHURD”) and MOF on 20 June 2017 and becoming effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) issued by MOHURD on 19 October 2009 and becoming effective on the same date, Measures for Quality Warranty of Building Construction Projects (《房屋建築工程質量保修辦法》) issued by MOC on 30 June 2000 and becoming effective on the same date, and Provisions on the Administration of Port Works Construction (《港口工程建設管理規定》) amended by MOT on 28 November 2019 and becoming effective on the same date.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (《中華人民共和國招標投標法》) amended by SCNPC on 27 December 2017 and becoming effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) amended by State Council on 2 March 2019 and becoming effective on the same day, Measures for the Construction Bidding and Tendering of Construction Projects (《工程建設項目施工招標投標辦法》) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 and becoming effective on 1 May 2003, later amended on 11 March 2013 and becoming effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (《建築工程設計招標投標管理辦法》) which was revised by MOHURD on 24 January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) which was amended by MOHURD on 13 March 2019 and became effective on the same date.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project is required by law to undergo a bidding process but fails to do so, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose a punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (《最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋》) issued by the Supreme People's Court on 25 October 2004 which became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Labour

Labour Contract Law (《勞動合同法》)

The Labour Contract Law promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was later 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 the entering into of 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.

Laws and Regulations Relating to Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (《社會保險法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and was later 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 was later amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Work Safety Law (《安全生產法》)

Pursuant to the Work Safety Law of the PRC, effective on 1 November 2002 and amended on 31 August 2014, and the Regulation on Work Safety License, effective on 13 January 2004 and amended on 18 July 2013, and other relevant laws and regulations, the State Administration of Work Safety shall regulate and supervise work safety in the PRC.

ENVIRONMENTAL PROTECTION MANAGEMENT

Environmental Protection Law (《環境保護法》)

The Environmental Protection Law promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989 and was amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC.

The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution Prevention Law (《大氣污染防治法》)

The Air Pollution Prevention Law, amended on 26 October 2018 by the Standing Committee of the National People's Congress and becoming effective on the same day, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution Prevention Law (《水污染防治法》)

The Water Pollution Prevention Law, which was amended on 27 June 2017 and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution Prevention Law (《環境噪聲污染防治法》)

The Noise Pollution Prevention Law promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997 and was amended on 29 December 2018, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Laws and Regulations Relating to Construction Projects

The Environmental Impact Appraisal Law (《環境影響評價法》) promulgated by the Standing Committee of the National People's Congress on 28 October 2002 and amended on 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017, and the Measures for the Administration of Environmental Protection Examination and Acceptance of Completed Construction Projects (《建設項目竣工環境保護

驗收管理辦法》), promulgated by the State Environmental Protection Administration on 27 December 2001, which became effective on 1 February 2002 and was later amended on 22 December 2010, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

MAINLAND CHINA TAXATION

Because virtually all of the Group's business operations are in mainland China and the Group carries out these business operations through operating subsidiaries and joint ventures organised under PRC law, its PRC operations and its operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect the investors' investment in the Bonds.

Dividends from the Group's Operations in the PRC

Under the PRC tax laws effective prior to 1 January 2008, dividends paid by the Group's PRC subsidiaries or joint ventures to their shareholders were exempt from PRC income tax. However, pursuant to the EIT Law, which took effect on 1 January 2008 and was last amended on 29 December 2018, dividends payable by foreign-invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the EIT Laws, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and are subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the EIT Laws, "de facto management bodies" are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Income Tax

Under the EIT Law which was promulgated by the National People's Congress on 16 March 2007, as last amended on 29 December 2018, the income tax rate for both domestic and foreign invested enterprises is 25% commencing 1 January 2008.

Under the EIT Law, high and new technology enterprises that require key state support are subject to the applicable enterprise income tax rate with a reduction of 15%. According to the Administrative Measures for the Determination of High and New Technology Enterprises (高新技術企業認定管理辦法) which was promulgated on 29 January 2016 and came into effect since 1 January 2016, high and new technology enterprises are enterprises that are incessantly devoted to the research and development as well as transformation of technological achievements in the High and New Technology Sector under the Key Support of the State, have formed their own independent core intellectual property rights and are carrying out business activities on this basis, have been registered within the territory of China (excluding Hong Kong, Macao and Taiwan regions). Furthermore, an enterprise must satisfy the following requirements simultaneously in order to be determined as a high and new technology enterprise:

- Enterprises shall be registered for more than one year when applying for identification;
- Enterprises have already owned the intellectual property which plays a core support for their main products (services) through independent research, assignee, accepting donation, mergers and acquisitions;

- Its main products (services) which play a core support have fallen within the range prescribed in the High and New Technology Sector under the Key Support of the State;
- It has the total number of scientific and technological personnel in its employment that accounts for at least 10 percent of the total number of its employees during the current year;
- The percentage of total research and development expenses of the enterprise for the last three fiscal years in total sales income for the same period meets the relevant requirements;
- The revenue from high and new technology products (services) accounts for at least 60 percent of the total revenue of the enterprise during the current year;
- No major safety, major quality accidents or serious environmental violations has occurred within one year before the application; and
- The innovation capability evaluation of the enterprise shall meet the corresponding requirements.

Value-Added Tax

According to the Interim Regulations on the Value-added Tax of the PRC (中華人民共和國共和國增值稅暫行條例) (the “**Interim VAT Regulation**”) which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and were amended on 10 November 2008, 6 February 2016, and 19 November 2017, and the Implementation Rules of the Interim Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, sell services, intangible assets and real estate, or import commodities within the PRC’s territories are subject to VAT, and shall pay the value-added tax accordingly. According to Interim VAT Regulation, (i) as to the sale of goods, labour services, or tangible movables leasing services or import goods by the taxpayer, the VAT rate is 17 per cent., (ii) as to the sale of particular services and real estate, the transfer of the land use right and the sale and import of particular commodities listed on the Interim VAT Regulation by the taxpayer, the VAT rate is 11 per cent., (iii) as to the sale of services and movables other than those provided above by the taxpayer, the VAT rate is 6 per cent., (iv) as to the export of applicable commodities by the taxpayer, the VAT rate is zero unless otherwise provided by the State Council, and (v) as to the export of intangible assets and the services, which are within the scope prescribed by the State Council, by domestic entities and individuals, the VAT rate is zero.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation jointly issued Circular 36, which provides that effective from 1 May 2016, value-added tax completely replaced business tax to cover all the business sectors that used to fall under the business tax regime.

According to Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、國家稅務總局關於調整增值稅稅率的通知) effective from 1 May 2018, the VAT rates for the import of goods and the taxable sale will be changed from 17 per cent. and 11 per cent. to 16 per cent. and 10 per cent., respectively.

City Maintenance and Construction Tax and Additional Education Tax

According to the Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅法) issued by the State Council on 8 February 1985 and became effective as from 1985 (revised on 8 January 2011 and effective as from the same day) and the Circular of the State Administration of Taxation on Issues Concerning the Imposition of Urban Maintenance and Construction Tax (國家稅務總局關於城市維護建設稅徵收問題的通知) promulgated on 12 March 1994 and became

effective as from the same day, any enterprise or individual liable to consumption tax, VAT and business tax shall also pay urban maintenance and construction tax. Amount of urban maintenance and construction tax shall be determined as per the consumption tax, VAT and business tax paid by taxpayers and shall be paid together with consumption tax, VAT and business tax. Besides, the rates of urban maintenance and construction tax shall be as follows: 7% for a taxpayer in a city; 5% for a taxpayer in a county town or town; and 1% for a taxpayer living in a place other than a city, county town or town.

According to Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) newly revised by the State Council on 8 January 2011 and effective as from the same day, with the exception of organizations that pay surcharges for education undertaking in rural areas, all enterprises or individuals liable to consumption tax, VAT and business tax shall also pay education surcharges pursuant to the Provisions herein. Education surcharges shall be paid together with VAT, business tax and consumption tax based on 3% of the amount of VAT, business tax and consumption tax actually paid by respective enterprises or individuals.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The English versions of the Issuer's Audited 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.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS AS APPLICABLE TO THE GROUP

The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The Group 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 Group, other potentially significant accounting and disclosure differences may have been 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.

Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. 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.

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

Related Party Disclosures

Under PRC GAAP, government-related entities are not treated as related parties except such government related entities can exercise significant influence over the reporting entity. Under IFRS, government related entities are treated as related parties.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 24 August 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

	Principal amount of the Bonds to be subscribed
	<i>EUR</i>
Sinolink Securities (HK) Company Limited	10,000,000
Central Wealth Securities International Limited	15,000,000
BOSC International Company Limited	10,000,000
Zhongtai International Securities Limited	3,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	3,000,000
China CITIC Bank International Limited	3,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	3,000,000
SunRiver International Securities Group Limited	3,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	3,000,000
Tensant Securities Limited	3,000,000
VMI Securities Limited	3,000,000
Sinocon Securities International Limited	3,000,000
Total	62,000,000

The Subscription Agreement provides that the Issuer will indemnify the Managers and their respective affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the issue of the Bonds, any of the Manager appointed and acting in its capacity as stabilising manager (the “**Stabilising Manager**”) or any person acting on behalf of the Stabilising Manager, provided that China CITIC Bank International Limited shall not be appointed or acting as the Stabilising Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising 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 Managers.

The 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 Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trade of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than

in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer as investors 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 applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE TO CMIs (INCLUDING PRIVATE BANKS)

This notice to CMIs (including Private Banks) is a summary of certain obligations the 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 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 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 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 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 and any MiFID II product governance language 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 Bonds (except for omnibus orders where underlying investor information should be provided to the 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.

CMI 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.

CMI (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMI (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The 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 Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the 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 Code. Private Banks should be aware that placing an order on a “principal” basis may require the Managers to apply the “proprietary orders” of the Code to such order and will require the Managers to apply the “rebates” requirements of the Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). 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 the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the 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 the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the offering. The Managers may be asked to demonstrate compliance with their obligations under the 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 Manager with such evidence within the timeline requested.

Offering *EUR[●] [●] per cent. credit enhanced bonds due 20[●] issued by Dongtai Huimin Urbanization Construction Group Co., Ltd. (東台惠民城鎮化建設集團有限公司) and backed by an irrevocable Standby Letter of Credit issued by Bank of Shanghai Co., Ltd., Nanjing Branch.*

Date *[24 August 2022]*

Name of CMI submitting order: *[●]*

Name of prospective investor: *[●]*

Type of unique identification of prospective investor:	<p><i>For individual investor clients, indicate one of the following:</i></p> <p>(i) <i>HKID card; or</i> (ii) <i>national identification document; or</i> (iii) <i>passport.</i></p> <p><i>For corporate investor clients, indicate one of the following:</i></p> <p>(i) <i>legal entity identifier (LEI) registration; or</i> (ii) <i>company incorporation identifier; or</i> (iii) <i>business registration identifier; or</i> (iv) <i>other equivalent identity document identifier.</i></p>
Unique identification number of prospective investor:	<i>Indicate the unique identification number which corresponds with the above “type” of unique identification.</i>
Order size (and any price limits):	[●]
Other information:	
– Associations	<i>Identify any “Associations” (as used in the Code) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.</i>
– Proprietary Orders	<i>Identify if this order is a “Proprietary Order” (as used in the Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.</i>
– Duplicated Orders (i.e. two or more corresponding or identical orders placed via two or more CMI(s))	<i>If the prospective investor has placed an/any order(s) via other CMI(s) in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.</i>
Contact Information of CMI submitting the order:	<i>Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.</i>

GENERAL

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

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other

offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licenced broker or dealer and any Manager or any affiliate of the Managers is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

UNITED STATES

The Bonds and the Standby Letter of Credit 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. The Bonds and the Standby Letter of Credit are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds and the Standby Letter of Credit within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Other regulatory restrictions

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

- (a) 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 Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

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

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

THE PEOPLE’S REPUBLIC OF CHINA

Each of the Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

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

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

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

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

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

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

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 Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

JAPAN

The Bonds and the Standby Letter of Credit 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 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 Bonds or the Standby Letter of Credit 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.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 251211809 and the ISIN for the Bonds is XS2512118097.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, entering into and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by board resolutions of the Issuer dated 28 October 2021 and shareholder resolutions of the Issuer dated 28 October 2021.
3. **No Material and Adverse Change:** There has been no change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2021.
4. **Litigation:** None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group nor is the Issuer aware that any such proceedings are pending or threatened.
5. **Available Documents:** So long as any of the Bonds is outstanding, copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit relating to the Bonds will be available for inspection from the Issue Date during usual business hours at the registered office of the Issuer and at the specified office of the Principal Paying Agent (currently at 6/F, CMB Wing Lung Building, 6/F, 45 Des Voeux Road Central, Hong Kong) upon prior written request and satisfactory proof of holding and identity during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)).
6. **Financial Statements:** The Issuer's Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Da Hua, the independent auditors of the Issuer, as stated in the reports appearing herein.
7. **LC Bank Financial Statements:** Copies of the published audited consolidated financial statements of Bank of Shanghai, as well as its public filings, can be downloaded free of charge from the websites of Bank of Shanghai and the Shanghai Stock Exchange at <https://www.bosc.cn/zh/> and <http://www.sse.com.cn/>, respectively. The audited consolidated financial statements of Bank of Shanghai are not included in and do not form part of this Offering Circular. The information contained on the websites of Bank of Shanghai and the Shanghai Stock Exchange is subject to change from time to time. No representation is made by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank, Bank of Shanghai or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank, Bank of Shanghai or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for any information contained on websites of Bank of Shanghai and the Shanghai Stock Exchange.
8. **Legal Entity Identifier:** The Issuer's LEI code is 300300VLXGPYVPJE1R76.
9. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 30 August 2022.