IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: The attached offering circular is being sent to you at your request and by accepting the e-mail and accessing the attached offering circular, you shall be deemed to represent to Guotai Junan Securities (Hong Kong) Limited and China Securities (International) Corporate Finance Company Limited (together, the "**Managers**") that (1) you and any witness you represent are outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission.

The attached offering circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Managers, the Trustee or the Agents (as defined in the attached offering circular) nor their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them or their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached offering circular is being furnished in connection with an offering to non-US persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager(s) it or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached offering circular on the basis that you are a person into whose possession the attached offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

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OFFERING CIRCULAR CONFIDENTIAL

HANRUI OVERSEAS INVESTMENT CO., LTD.

(incorporated with limited liability in the British Virgin Islands)

US$300,000,000 4.90 PER CENT. GUARANTEED BONDS DUE 2019 UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

HANRUI INTERNATIONAL INVESTMENT COMPANY LIMITED (瀚瑞國際投資有限公司)

(incorporated with limited liability in Hong Kong)

AND WITH THE BENEFIT OF A KEEPWELL AND LIQUIDITY SUPPORT DEED AND A DEED OF EQUITY INTEREST PURCHASE UNDERTAKING PROVIDED BY

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

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

Issue Price: 99.04 per cent.

The 4.90 per cent. Guaranteed Bonds due 2019 in the aggregate principal amount of US$300,000,000 (the "**Bonds**") will be issued by Hanrui Overseas Investment Co., Ltd. (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Hanrui International Investment Company Limited（瀚瑞國際投資有限公司）(the "**Guarantor**"). The Issuer is a direct, wholly-owned subsidiary of the Guarantor, which in turn is a direct wholly-owned subsidiary of Jiangsu Hanrui Investment Holdings Co., Ltd.（江蘇瀚瑞投資控股有限公司）(the "**Company**").

The Bonds will bear interest from and including 28 June 2016 at the rate of 4.90 per cent. of their principal amount per annum. Interest on the Bonds is payable semi-annually in arrear in equal instalments on 28 June and 28 December in each year. Payments on the Bonds will be made without deduction for or on account of taxes of the British Virgin Islands, Hong Kong or the People's Republic of China (the "**PRC**") to the extent described in "*Terms and Conditions of the Bonds – Taxation*."

The Bonds will be direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds (the "**Conditions**")) unsecured obligations of the Issuer, at all times ranking *pari passu* without any preference or priority among themselves and, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Conditions, ranking at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all other respective present and future unsecured and unsubordinated obligations of the Guarantor.

The Issuer, the Guarantor and the Company will enter into a keepwell and liquidity support deed on or about 28 June 2016 with The Bank of New York Mellon, London Branch (the "**Trustee**") as trustee of the Bonds (the "**Keepwell and Liquidity Support Deed**") and the Guarantor and the Company will enter into a deed of equity interest purchase undertaking on or about 28 June 2016 (the "**Deed of Equity Interest Purchase Undertaking**") with the Trustee, as further described in "*Description of the Keepwell and Liquidity Support Deed*" and "*Description of the Deed of Equity Interest Purchase Undertaking.*" Neither the Keepwell and Liquidity Support Deed nor the Deed of Equity Interest Purchase Undertaking constitutes a direct or indirect guarantee of the Bonds by the Company. The Bonds mature on 28 June 2019 at their principal amount. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC. The Bonds contain a provision for redemption at the option of the Bondholders at 101 per cent. of the principal amount of each Bond, together with interest accrued to but excluding the date for redemption, upon the occurrence of a Change of Control (as defined in the Conditions) with respect to the Bonds. See "*Terms and Conditions of the Bonds – Redemption and Purchase*."

The Company has made an application for the pre-issuance registration of the offering of the Bonds with the National Development and Reform Commission (the "**NDRC**") in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (the "**NDRC Circular**")（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)）issued by the NDRC and which came into effect on 14 September 2015. Pursuant to the requirements of the NDRC Circular, the Issuer will be required to complete the filing in respect of the issue of the Bonds within 10 working days following the Issue Date (as defined below).

The Bonds are expected to be assigned a rating of "BB+" by Fitch Rating Ltd. ("**Fitch**"). The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Fitch. In addition, the Company has a corporate family rating of "BB+" with "stable" outlook by Fitch. Such ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time by Fitch.

Investing in the Bonds involves certain risks. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Bonds in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Bonds. Investors should not purchase the Bonds unless they understand and are able to bear risks associated with the Bonds. See "Risk Factors" beginning on page 14.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see the section entitled "*Subscription and Sale*" on page 127.

The denomination of the Bonds shall be US$200,000 each and integral multiples of US$1,000 in excess thereof.

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 the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") only. This document is for distribution to professional investors only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are professional investors and understand the risks involved. The Bonds are not suitable for retail investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to professional investors only have been reproduced in this document. 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, the Guarantor, the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Bonds will be evidenced 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 28 June 2016 (the "**Issue Date**") with, a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Sole Global Coordinator

Guotai Junan International

Joint Bookrunners and Joint Lead Managers

Guotai Junan International **China Securities International**

Offering Circular dated 23 June 2016

IMPORTANT NOTICE

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE MANAGERS AS STABILISING MANAGER(S) OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER(S), MAY OVER-ALLOT, PURCHASE AND SELL THE BONDS IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILISING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILISE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE BONDS. AS A RESULT, THE PRICE OF THE BONDS MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON THEIR BEHALF) WILL UNDERTAKE ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER(S) (OR ANY PERSON(S) ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILISING MANAGER(S), AND NOT FOR OR ON BEHALF OF THE ISSUER.

This Offering Circular contains particulars given in compliance with the rules governing the listing of securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer. 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 disclaim 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 Issuer, the Guarantor and the Company accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer, the Guarantor and the Company, having made all reasonable inquiries, confirm that: (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Company and its subsidiaries (collectively the "**Group**") referred to in this Offering Circular, the Bonds, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Guarantee that is material in the context of the issue and offering of the Bonds; (ii) the statements contained in this Offering Circular relating to the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Company, the Group, the Bonds, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the

Guarantee, the omission of which would, in the context of the issue and offering of the Bonds, make this Offering Circular, as a whole, misleading in any material respect; (v) the Issuer, the Guarantor and the Company have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements and (vi) the Offering Circular does not include an untrue statement of a material fact or omit to state material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each of the Issuer, the Guarantor and the Company accepts responsibility accordingly.

Prospective investors in the Bonds should rely only on the information contained in this Offering Circular. None of the Issuer, the Guarantor, the Company, Guotai Junan Securities (Hong Kong) Limited (the "**Sole Global Coordinator**"), Guotai Junan Securities (Hong Kong) Limited and China Securities (International) Corporate Finance Company Limited (together, the "**Managers**"), the Trustee or the Agents (as defined in the Conditions) has authorised the provision of information different from that contained in this Offering Circular, or the giving of any information or the making of any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Company, the Sole Global Coordinator or any of the Managers. The information contained in this Offering Circular is accurate in all material respects only as of the date of this Offering Circular, regardless of the time of delivery of this Offering Circular or of any sale of the Bonds. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that there has not been a change in affairs of the Issuer, the Guarantor, the Company, the Group or any of them or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof. None of the Sole Global Coordinator, the Managers, the Trustee or the Agents undertake to review the financial condition and affairs of the Issuer, the Guarantor or the Company following the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Sole Global Coordinator, the Managers, the Trustee or the Agents.

The distribution of this Offering Circular is limited to "professional investors" only, as defined in the SFO; or, for a person outside Hong Kong, a person to whom securities may be sold in accordance with a relevant exemption from public offer regulations in that jurisdiction.

This Offering Circular is intended solely for use in connection with the proposed offering of the Bonds, and does not purport to summarise all of the terms, conditions, covenants and other provisions contained in the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and other transaction documents described herein. The information provided is not all-inclusive. The market information in this Offering Circular has been obtained by the Issuer, the Guarantor and the Company from publicly available sources deemed by them to be reliable.

This Offering Circular is personal to the prospective investors to whom it has been delivered by the Sole Global Coordinator and the Managers and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in 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, and any disclosure of any of its contents, without prior written consent of the Issuer, the Guarantor and the Company, is prohibited. By accepting delivery of this Offering Circular, the prospective investor agrees to the foregoing and to make no photocopies or other reproduction of this Offering Circular.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Company, the Sole Global Coordinator, the Managers, the Trustee, the Agents or their respective affiliates, advisers, directors, employees, agents and representatives and none of the Issuer, the Guarantor, the Company, the Sole Global Coordinator, the Managers, the Trustee, the Agents or their respective affiliates, advisers, directors, employees, agents and representatives make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

None of the Issuer, the Guarantor, the Company, the Sole Global Coordinator and the Managers is making an offer to sell the Bonds in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of the Bonds may in certain jurisdictions be restricted by law. None of the Issuer, the Guarantor, the Company, the Sole Global Coordinator and the Managers represents that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Company, the Sole Global Coordinator or the Managers which is intended to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Company, the Sole Global Coordinator and the Managers to inform themselves about and to observe any such restrictions.

Each prospective purchaser of the Bonds must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, the Guarantor, the Company, the Sole Global Coordinator and the Managers shall have any responsibility therefor.

The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws or exemption therefrom. Investors should be aware that they may be required to bear financial risks of the Bonds.

No representation or warranty, express or implied, is made by the Sole Global Coordinator, the Managers, the Trustee (as defined in the Conditions) or the Agents (as defined in the Conditions) or any of their respective affiliates, advisers, directors, employees, agents or representatives as to the accuracy or completeness of the information set forth herein and investors should not rely on anything contained in this Offering Circular as a promise or representation by the Sole Global

Coordinator, the Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, employees, agents or representatives. The Sole Global Coordinator, the Managers, the Trustee, the Agents and their respective affiliates, advisers, directors, employees, agents and representatives have not independently verified the information contained herein (financial, legal or otherwise) and, to the fullest extent permitted by law, assume no responsibility for the contents, accuracy or completeness of any such information or for any other statement, made or purported to be made by the Sole Global Coordinator, the Managers or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Sole Global Coordinator, the Managers, the Trustee, the Agents and their respective affiliates, advisers, directors, employees, agents and representatives accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any such statement.

Each person receiving this Offering Circular acknowledges that: (a) such person has not relied on the Sole Global Coordinator, the Managers, the Trustee or the Agents or any of their respective affiliates, advisers, directors, employees, agents or representatives in connection with any investigation of the accuracy or completeness of such information or its investment decision; and (b) no person has been authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Company and their respective affiliates, the Group, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Bonds (other than as contained herein) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Company, the Sole Global Coordinator, the Managers, the Trustee or the Agents or their respective affiliates, advisers, directors, employees, agents or representatives.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, the Company, the Sole Global Coordinator, the Managers, the Trustee or the Agents or their respective affiliates, advisers, directors, employees, agents or representatives, that any recipient of this Offering Circular, or any other information supplied in connection with the offering of the Bonds, should purchase the Bonds. In making an investment decision, investors must rely on their own independent examination of the Issuer, the Guarantor, the Company, the Group, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisors as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations, in making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Company and the terms of the offering, including the merits and risks involved.

None of the Issuer, the Guarantor, the Company, the Sole Global Coordinator, the Managers, the Trustee, the Agents, or any of their respective affiliates, advisers, directors, employees, agents or representatives is or are making any representation to investors regarding the legality of an investment in the Bonds by them under any legal, investment or similar laws or regulations. Investors should not consider any information in this Offering Circular to be legal, business or tax advice. Investors should consult their own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

This Offering Circular has been prepared by the Issuer, the Guarantor and the Company solely for use in connection with the proposed offering of the Bonds. The Issuer, the Guarantor and the Company reserve the right to withdraw the offering of the Bonds at any time. The Issuer, the

Guarantor, the Company, the Sole Global Coordinator and the Managers also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Bonds offered hereby. Investors should read this Offering Circular before making a decision whether to purchase the Bonds.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein.

This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Company, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

Figures in this Offering Circular for "total gross profit" and "gross profit" have been calculated on the basis of, but are independent metrics prepared by management of the Company, and no equivalent number appears in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 included in this Offering Circular or the summary financial information in "*Summary Financial Information of the Company*". The Group presents a number of figures in its audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 for profitability, including operating profit, profit before tax and net profit. However, such figures each deduct certain costs (such as business taxes and surcharges and general and administrative expenses) which are not allocated to any particular business segment.

In order to allow for an analysis of each business segment's contribution to the Group's "total gross profit" and a comparison of each business segment's "gross profit", figures for "cost" for a particular period have been deducted from "operating revenue" for the corresponding period to calculate "total gross profit" of the Group and "gross profit" for each business segment. Figures for "cost" and "operating revenue" are presented in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 at the Group and business segment levels. However, "total gross profit" and "gross profit" have been calculated for convenience purposes only and have not been audited or reviewed, and there can be no assurance that any such calculations are accurate or appropriate. In particular, as "total gross profit" and "gross profit" do not deduct a number of significant costs (such as business taxes and surcharges and general and administrative expenses), such figures should not be taken as measures of overall profitability of the Group or a particular business segment and should not be confused with "operating profit", "profit before tax" and "net profit" which are figures appearing in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015. See Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively, for details with respect to the Group's operating revenue and cost.

In this Offering Circular, all references to "**US$**", "**USD**", and "**US dollars**" are to United States dollars, the lawful currency of the United States; all references to "**HK$**", "**HKD**" and "**HK dollars**" are to Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC; and all references to "**RMB**", "**Renminbi**" or "**CNY**" are to Renminbi, the lawful currency of the People's Republic of China.

Solely for the sake of convenience, this Offering Circular contains translations of certain Renminbi amounts into US dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.4778 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the

Federal Reserve Bank of New York on 31 December 2015. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any US dollar amounts at the rates indicated or at all.

"**PRC**" or "**China**" means the People's Republic of China and, for the purposes of this Offering Circular, except where the context otherwise requires, do not include Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan, "**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC, and "**Macau**" means the Macau Special Administrative Region of the PRC. The "**PRC government**" or 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. "**MOFCOM**" means the Ministry of Commerce of the PRC, "**SAFE**" means the State Administration for Foreign Exchange of the PRC, "**PBOC**" means the People's Bank of China and "**SASAC**" means the State-owned Assets Supervision and Administration Commission of the PRC.

In this Offering Circular, where information has been presented in thousands, millions or billions 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.

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 purpose only. In the event of any inconsistency, the Chinese name prevails.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offering of the Bonds. If any investor is in any doubt about any of the contents of this Offering Circular, such investor should obtain independent professional advice.

PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial information of the Company as at and for the years ended 31 December 2013, 2014 and 2015 has been extracted from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2014 and 2015 which have been prepared and presented by the Company in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") and included elsewhere in this Offering Circular. The audited consolidated financial statements of the Company as at and for the years ended 31 December 2014 and 2015 have been audited by Jiangsu Suya Jincheng Certified Public Accountants LLP ("**SYJC**") in accordance with China Standards on Auditing for Certified Public Accountants. There are certain differences between PRC GAAP and the International Financial Reporting Standards ("**IFRS**"). Investors should seek advice from their financial and tax advisors if they have doubts about the differences. For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Certain Differences Between PRC GAAP and IFRS*".

This Offering Circular also includes certain consolidated financial information of the Company as at and for the three months ended 31 March 2016 which has been prepared and presented by the Company in accordance with PRC GAAP (the "**First Quarter Financial Information**"). The First Quarter Financial Information has not been audited or reviewed by the Company's independent auditor. As a result, such First Quarter Financial Information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. None of the Sole Global Coordinator or the Managers makes any representation or warranty, express or implied, regarding the sufficiency of such First Quarter Financial Information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Company's financial condition, results of operations and results. Such First Quarter Financial Information should not be taken as an indication of the expected financial condition, results of operations and results of the Company for the full financial year ending 31 December 2016.

FORWARD-LOOKING STATEMENTS

The Issuer, the Guarantor and the Company have made certain forward-looking statements in this Offering Circular regarding, among other things, the Group's financial conditions, future expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer, the Guarantor and the Company believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Group's strategies, plans, objectives and goals and its ability to implement such strategies and achieve its plans, objectives and goals;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group's business prospects and capital expenditure plans;
- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- the availability and costs of bank loans and other forms of financing;
- various business opportunities that the Group may pursue;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- the Group's ability to identify factors other than those discussed under "*Risk Factors*" and elsewhere in this Offering Circular.

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer, the Guarantor and the Company undertake 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 and the Issuer's, the Guarantor's, the Company's or the Group's actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

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

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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

The Group is the primary investment and financing platform of the Zhenjiang Municipal Government focusing on infrastructure construction and real estate development in Zhenjiang Economic Development Zone ("**Zhenjiang New Zone**") and is wholly-owned by the Zhenjiang State-owned Assets Supervision and Administration Commission (the "**Zhenjiang SASAC**"), the local counterpart of SASAC. Established in 1993, the Group is one of four infrastructure construction platforms under the Zhenjiang SASAC and is designated to carry out Zhenjiang Municipal Government's blueprint for the infrastructure construction and municipal development in Zhenjiang New Zone. Leveraging on the strong government support and its stable business model, the Group has achieved continuous growth in its assets base, recorded strong operating performance over the past few years and played an important role in the urbanisation of the Zhenjiang Municipality, particularly in Zhenjiang New Zone.

Zhenjiang is an important port and industrial city located in the Yangtze River Delta and is also situated within the scope of the Shanghai Economic Circle and the Nanjing Metropolitan Circle. Being the third largest port along the Yangtze River and connecting to the Beijing-Shanghai, Shanghai-Ningbo and Ningbo-Hangzhou high speed railways, Zhenjiang is an important transportation hub. The superior geographic location and convenient land and water transportation provide a solid foundation for the economic development of Zhenjiang. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang has recorded an annual GDP of RMB350.25 billion in 2015, representing an annual compound growth rate of 13.1 per cent. compared to RMB167.2 billion in 2009, and a total fixed asset investment of RMB214.2 billion in 2015, increased by 22.2 per cent. compared to RMB175.3 billion in 2014. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang has recorded a GDP per capita of RMB110,351 in 2015. Zhenjiang New Zone is located in the eastern suburbs of Zhenjiang and is one of the most important areas in Zhenjiang's development blueprints. It was established in 1998 through a merger between the Zhenjiang Economic Development Zone(鎮江經濟開發區)and the Zhenjiang Dagang Economic Development Zone(鎮江大港經濟開發區), and became a national-level economic and technological development area in April 2010. Zhenjiang New Zone is the only riverside national-level development zone in the southern part of Jiangsu Province and is also a key advanced manufacturing base in the Yangtze River Delta. According to the Zhejiang New Zone Statistics Bureau, Zhenjiang New Zone has recorded an annual GDP of RMB55.1 billion in 2015, representing an annual compound growth rate of 17.3 per cent. compared to RMB21.3 billion in 2009. Going forward, the development of Zhenjiang New Zone will continue to be a key focus of Zhenjiang.

The Group has been focusing on its infrastructure construction and real estate development businesses and has developed a diversified business portfolio. The Group's operations and investment primarily focus on three business segments, namely (i) infrastructure construction; (ii) real estate development; and (iii) miscellaneous. Set forth below is an overview of the business segments of the Group:

- *Infrastructure Construction.* The Group is the largest and primary entity in carrying out infrastructure construction in Zhenjiang New Zone. The Group is engaged by State-owned Assets Supervision and Administration Commission of Zhenjiang Municipal and the management committee of Zhenjiang New Zone (the "**Zhenjiang New Zone Management Committee**") to undertake infrastructure construction projects within Zhenjiang New Zone, such as construction of roads, standard factory buildings and other public facilities. In recent years, the Group has completed numerous large-scale infrastructure construction projects, such as the Zhenda Road Widening, Modification and Drainage System Construction Project (鎮大公路拓寬改造及排水工程), Wufengshan Road Construction Project(五峰山路道路工程), Gangnan Road Widening and Modification Project (港南路拓寬改造). During the three years ended 31 December 2015, the Group had undertaken 193 infrastructure construction projects, among which 181 projects were completed and these completed projects had a total investment amount of approximately RMB10.6 billion and generated operating revenue of RMB12.9 billion. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's infrastructure construction business was RMB5,299.9 million, RMB4,482.1 million and RMB3,080.7 million, respectively, representing 56.0 per cent., 63.2 per cent. and 43.5 per cent., respectively, of the Group's operating revenue for the same period.

- *Real Estate Development.* The Group's real estate development business includes affordable housing (保障性住房) development, commercial housing (商品房) development and commercial real estate (商業地產) development. The Group has been undertaking the construction and development of affordable housing, including relocation housing(拆遷安置房), public-rental housing (公租房) and subsidised housing (經濟適用房) and the redevelopment of shanty areas(棚戶區改造), in Zhenjiang since 2006. The Group is engaged by the Zhenjiang New Zone Management Committee to undertake the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. From 2013 to 2015, the Group had undertaken more than 30 per cent. of the affordable housing development projects in Zhenjiang. During the three years ended 31 December 2015, the Group had completed 14,691 units of affordable housing development with a total gross floor area ("**GFA**") of approximately 1,773,000 square metres ("**sq.m.**") and a total investment of approximately RMB4,309 million. For the year ended 31 December 2015, the Group's commercial housing and commercial real estate development business had completed three projects and generated operating revenue of RMB345.7 million. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's real estate development business was RMB3,243.7 million, RMB1,467.5 million and RMB3,132.5 million, respectively, representing 34.3 per cent., 20.7 per cent. and 44.2 per cent., respectively, of the Group's operating revenue for the same period.

- *Miscellaneous*. Apart from the above two main businesses, the Group has also engages in other businesses, ranging from manufacturing, logistics to trading and others and other business. For the years ended 31 December 2013, 2014 and 2015, operating revenue[1] generated from the Group's miscellaneous businesses was RMB920.5 million, RMB1,145.4 million and RMB869.0 million, respectively, representing 9.7 per cent., 16.1 per cent. and 12.3 per cent. of the Group's operating revenue for the same period.

For the years ended 31 December 2013, 2014 and 2015, the Group's operating revenue was RMB9,464.1 million, RMB7,095.0 million and RMB7,082.2 million, respectively, and its total gross profit[2] was RMB1,624.7 million, RMB1,169.3 million and RMB916.1 million, respectively.

COMPETITIVE STRENGTHS

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

- Sole investment and financing platform of Zhenjiang New Zone focusing on infrastructure construction and municipal development;

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

- Diversified business portfolio with synergy between different business segments;

- Sufficient capital from diversified financing channels; and

- Experienced management team with sound corporate governance.

BUSINESS STRATEGIES

The Group aims to maintain its leading position in implementing Zhenjiang New Zone's blueprint of urban planning, municipal construction and rural development. The Group's goal is to grow its asset base, optimise its capital structure and enhance its operational efficiency. The Group intends to focus on the following business strategies:

- Leveraging on the State's strategy of integration of the Yangtze River Delta cities to further promote the development and construction of Zhenjiang;

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1 Please refer to Note 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively, for details on the calculation of "operating revenue" for the Group's miscellaneous businesses.

2 In order to allow for an analysis of each business segment's contribution to the Group's "total gross profit" and a comparison of each business segment's "gross profit", figures for "cost" for a particular period have been deducted from "operating revenue" (both of which are presented in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 at the Group and business segment levels) for the corresponding period to calculate "total gross profit" of the Group and "gross profit" for each business segment. However, such figures have been calculated for convenience purposes only and have not been audited or reviewed, and there can be no assurance that any such calculations are accurate or appropriate. In particular, as "total gross profit" and "gross profit" do not deduct a number of significant costs (such as business taxes and surcharges and general and administrative expenses), such figures should not be taken as measures of overall profitability of the Group or a particular business segment and should not be confused with "operating profit", "profit before tax" and "net profit" which are figures appearing in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015. See Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively, for details with respect to the Group's operating revenue and cost.

- Continue to actively focus on infrastructure construction in Zhenjiang New Zone;
- Continue to undertake affordable housing projects in Zhenjiang New Zone;
- Continue to diversify the Group's businesses and to increase investment in businesses that synergise with the Group's core business;
- Adhere to prudent risk management system and strict risk control measures; and
- Continue to develop diversified financing channels.

For detailed description of the Group's competitive strengths and business strategies, see "*Description of the Group*".

THE ISSUE

The following summary contains some basic information about the Bonds 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 of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Hanrui Overseas Investment Co., Ltd.
Guarantor	Hanrui International Investment Company Limited (瀚瑞國際投資有限公司).
Company	Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司).
Status of the Bonds	The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
Issue	US$300,000,000 aggregate principal amount of 4.90 per cent. Guaranteed Bonds due 2019.
Issue Price	99.04 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of US$200,000 each and integral multiples of US$1,000 in excess thereof.
Interest and Interest Payment Dates	The Bonds will bear interest from and including 28 June 2016 at the rate of 4.90 per cent. per annum, payable semi-annually in arrear in equal instalments on 28 June and 28 December in each year.
Issue Date	28 June 2016.
Maturity Date	28 June 2019.

Status of the Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Negative Pledge	So long as any Bond remains outstanding (as defined in the Trust Deed), (A) neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure (aa) any Relevant Indebtedness outside the PRC or (bb) any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without (i) at the same time or prior thereto securing the Bonds or guaranteeing or indemnifying the Bondholders equally and rateably therewith or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders; and (B) the Issuer and the Guarantor undertake to procure that the Company and its Subsidiaries will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness outside the PRC or to secure any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without at the same time or prior thereto securing the Bonds equally and rateably therewith.
Events of Default	The Bonds will contain certain events of default provisions as further described in "*Terms and Conditions of the Bonds – Events of Default*".

Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the British Virgin Islands, Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8. In such event, the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in the Conditions, pay such additional amounts as will result in receipt by the holders of the Bonds of such amounts as would have been received by them had no such withholding or deduction been required.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with interest accrued to the date fixed for redemption, at any time in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC, as further described in Condition 6(b).
Redemption for Change of Control	A Bondholder 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 at 101 per cent. of their principal amount, together with accrued interest up to, but excluding, the Change of Control Put Exercise Date, upon the occurrence of a Change of Control. See Condition 6(c).
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the first payment of interest on them and the timing for complying with the requirements set out in the Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in the Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to Condition 15.

Clearing Systems	The Bonds will be evidenced initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers whereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law	English law.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Rating	The Bonds are expected to be assigned a rating of "BB+" by Fitch. Such rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time by Fitch.
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 (as defined in the SFO) only. A confirmation of the eligibility for the listing of the Bonds has been received from the Hong Kong Stock Exchange.
Use of Proceeds	See the section entitled "*Use of Proceeds*".
Keepwell and Liquidity Support Deed	The Issuer, the Guarantor, the Company and the Trustee will enter into a keepwell and liquidity support deed as further described in "*Description of the Keepwell and Liquidity Support Deed*."
Deed of Equity Interest Purchase Undertaking	The Guarantor, the Company and the Trustee will enter into a deed of equity interest purchase undertaking as further described in "*Description of the Deed of Equity Interest Purchase Undertaking*."
ISIN	XS1435394587.
Common Code	143539458.

SUMMARY FINANCIAL INFORMATION OF THE COMPANY

The summary consolidated financial information of the Company as at and for the years ended 31 December 2013, 2014 and 2015, as set forth below, has been extracted from the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015, which are included elsewhere in this Offering Circular.

The First Quarter Financial Information was prepared and presented in accordance with PRC GAAP and have not been audited or reviewed by the Company's independent auditor. As a result, such First Quarter Financial Information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 were prepared and presented in accordance with PRC GAAP and have been audited by SYJC in accordance with China Standards on Auditing for Certified Public Accountants. PRC GAAP differs in certain material respects from IFRS. See "Summary of Certain Material Differences Between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in their entirety by reference to, the relevant consolidated financial statements of the Company and the notes thereto included elsewhere in this Offering Circular.

Summary Consolidated Income Statement Data

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited)*	*(audited)*	*(unreviewed)*	*(unreviewed)*
Total operating revenue	9,471,913	7,102,773	7,092,323	1,151,790	2,745,662
Including: Operating revenue	9,464,093	7,095,031	7,082,186	1,150,527	2,745,662
Total operating cost	(9,308,289)	(7,324,710)	(7,344,189)	(1,252,562)	(2,774,351)
Including: Operating cost	(7,839,440)	(5,925,721)	(6,166,090)	(905,015)	(2,364,669)
Interest expenses	–	–	(1,654)	–	–
Business taxes and surcharges	(572,881)	(324,862)	(456,486)	(84,832)	(148,272)
Selling and distribution expenses	(30,534)	(47,585)	(56,582)	(5,553)	(11,318)
General and administrative expenses	(259,459)	(215,644)	(300,050)	(48,569)	(63,165)
Financial expenses	(465,737)	(680,481)	(452,037)	(201,059)	(180,364)
Losses from asset impairment	(140,238)	(130,417)	88,710	(7,534)	(6,563)
Investment gains	46,639	55,331	91,420	4,420	1,112
Operating profit	210,263	(166,606)	(160,446)	(96,352)	(27,577)
Add: Non-operating revenue	414,256	591,645	570,553	132,860	104,439
Less: Non-operating expenses	(66,491)	(16,544)	(64,774)	(1,031)	(11,090)
Profit before tax	558,028	408,495	345,333	35,477	65,772
Less: Income tax expenses	(130,653)	(54,363)	(17,588)	(4,944)	(5,756)
Net Profit	427,375	354,132	327,745	30,533	60,016
Profit after tax attributable to owners of the parent company	375,459	356,733	376,686	30,049	82,537
Non-controlling interests	51,916	(2,601)	(48,941)	484	(22,521)
Total comprehensive income	427,375	354,132	327,745	30,533	60,016
Total comprehensive income attributable to owners of the parent company	375,459	356,733	376,686	30,049	82,537
Non-controlling interests	51,916	(2,601)	(48,941)	484	(22,521)

Summary Consolidated Balance Sheet Data

	As at 31 December			Three months ended 31 March
	2013	2014	2015	2016
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited)*	*(audited)*	*(unreviewed)*
Assets:				
Current Assets				
Cash and cash equivalents	5,460,302	7,480,432	7,304,872	7,475,012
Financial assets measured at fair value through current profit or loss	25,100	100	488,580	–
Notes receivable	15,928	19,868	25,725	35,639
Accounts receivable	16,155,042	16,773,647	18,437,159	19,224,452
Prepayment	2,269,223	3,236,004	2,781,215	3,288,744
Interests receivable	27,826	74,099	89,765	86,173
Other receivables	15,752,983	20,313,648	28,136,468	25,486,420
Inventories	16,326,487	16,395,594	15,815,809	15,920,053
Non-current assets maturing within one year	688,200	309,066	315,030	226,833
Other current assets	200,619	119,964	1,230,962	2,281,260
Sub-total of current assets	56,921,710	64,722,422	74,625,585	74,024,586
Non-current assets:				
Loans and payments on behalf	58,216	66,410	19,810	–
Available-for-sale financial assets	880,298	1,088,528	1,346,070	1,540,360
Held-to-maturity investment	903,143	1,148,873	–	–
Long-term accounts receivable	1,691,150	1,580,223	1,358,829	1,425,864
Long-term equity investments	586,619	520,781	904,218	904,435
Investment properties	4,126,097	5,109,552	9,321,708	9,287,573
Fixed assets	995,337	816,822	782,495	831,823
Constructions in progress	1,325,380	333,640	313,203	255,882
Intangible assets	156,512	183,301	198,601	197,388
Goodwill	470	470	470	470
Long term deferred expenses	5,303	40,463	98,685	97,084
Deferred income tax assets	41,021	51,677	77,470	79,363
Other non-current assets	49,001	49,511	11,160,644	11,604,967
Sub-total of non-current assets	10,818,547	10,990,251	25,582,203	26,225,209
Total of assets	67,740,257	75,712,673	100,207,788	100,249,795

	As at 31 December			Three months ended 31 March
	2013	**2014**	**2015**	**2016**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited)*	*(audited)*	*(unreviewed)*
Liabilities and owners' equity:				
Current Liabilities:				
Short-term loans	2,906,820	3,297,421	2,841,420	3,577,135
Notes payable	2,293,937	2,790,795	366,450	146,150
Accounts payable	5,049,485	5,820,437	5,216,138	3,840,222
Advances from customers	32,379	111,991	163,608	205,717
Employee benefits payable	10,333	12,546	15,814	599
Taxes and surcharges payable	374,548	198,058	277,453	260,644
Interests payable	350,471	524,098	587,497	584,117
Other payables	4,676,419	3,077,203	2,246,471	1,771,152
Non-current liabilities maturing within one year	10,042,811	9,671,519	14,397,008	13,640,402
Other current liabilities	19,328	38,585	1,521,340	1,523,233
Sub-total of current liabilities	25,756,531	25,542,653	27,633,199	25,549,371
Non-current liabilities				
Long-term loans	11,689,412	16,739,716	24,581,104	26,456,146
Bonds payable	1,974,483	6,334,208	7,233,754	7,914,700
Long-term accounts payable	1,129,890	1,226,788	3,236,989	2,784,770
Special payable	1,792,743	332,905	229,793	254,037
Provisions	75,062	85,528	72,308	87,961
Deferred income	31,784	46,542	35,757	32,684
Deferred income tax liabilities	1,741	1,741	1,741	1,741
Other non-current liabilities	–	–	80,000	80,000
Sub-total of non-current liabilities	16,695,115	24,767,428	35,471,446	37,612,039
Sub-total of liabilities	42,451,646	50,310,081	63,104,645	63,161,410
Owners' equity				
Paid-in capital	4,500,000	4,810,000	5,000,000	5,000,000
Capital reserves	18,429,785	18,419,881	28,804,752	28,807,978
Special reserves	–	256	99	99
Surplus reserves	162,125	178,852	40,300	40,300
Undistributed profits	1,400,446	1,201,925	1,270,000	1,274,537
Total equity attributable to the parent company	24,492,356	24,610,914	35,115,151	35,122,914
Non-controlling interests	796,255	791,678	1,987,992	1,965,471
Sub-total of owners' equity	25,288,611	25,402,592	37,103,143	37,088,385
Total of liabilities and owners' equity	67,740,257	75,712,673	100,207,788	100,249,795

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited)*	*(audited)*	*(unreviewed)*	*(unreviewed)*
Net cash flows from operating activities	(10,628,432)	(1,583,704)	(1,761,960)	1,401,065	1,609,591
Net cash flows from investing activities	(2,966,624)	(744,563)	(18,632,647)	(758,940)	(2,388,979)
Net cash flows from financing activities	5,992,393	4,348,396	20,219,320	641,773	949,528
Effect of Foreign Exchange Rate Changes on Cash	(258)	1	(273)	–	–
Net Increase in Cash and Cash Equivalents	(7,602,921)	2,020,130	(175,560)	1,283,898	170,140
Ending balance of cash equivalents	5,460,302	7,480,432	7,304,872	8,764,330	7,475,012

Other Financial Data

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
EBITDA[1] (RMB in millions)	1,189	1,334	1,015	N.A.	N.A.
EBITDA/Financial expenses	2.6	2.0	2.2	N.A.	N.A.
Total liabilities/Total assets	63%	66%	63%	67%	63%
Total indebtedness[2]/ shareholders' equity	104%	140%	133%	N.A.	N.A.

Notes:

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

(2) Total indebtedness means the aggregate of short-term loans, short-term notes, long-term loans due within one year, bonds payable within one year, long-term loans and bonds payable for that financial year.

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the Bonds. Some risks may be unknown to the Issuer, the Guarantor and the Company and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Company and the Group or the value of the Bonds. Each of the Issuer, the Guarantor and the Company believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer, the Guarantor and the Company based on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and none of the Issuer, the Guarantor or the Company is in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

None of the Issuer, the Guarantor or the Company represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

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

The Group has focused on infrastructure construction and real estate development in Zhenjiang New Zone and its business is therefore heavily affected by the level of economic development of Zhenjiang New Zone and Zhenjiang, in Jiangsu Province. The Zhenjiang Municipal Government's policies regarding city construction and urban development, particularly those concerning Zhenjiang New Zone, which have given rise to unique business opportunities for the Group, also have a major impact on the Group's business and growth prospects.

A key factor affecting the development of Zhenjiang New Zone and Zhenjiang is economic conditions in the PRC generally and in Zhenjiang. While the PRC economy has demonstrated rapid growth in the past 30 years, a slowdown in the growth of China's gross domestic product ("**GDP**") since the second half of 2013 has raised a concern that the historic rapid growth of the PRC economy may not be sustainable. According to the National Statistics Bureau of the PRC, growth rate of China's GDP for the year 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to the growth rate of 7.3 per cent. for the year 2014. Zhenjiang has experienced a prolonged period of rapid economic growth in recent years. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang's GDP increased from RMB195.7 billion in 2010 to RMB350.2 billion in 2015, to which Zhenjiang New Zone contributed RMB55.1 billion, accounting for 15.7 per cent. of the total GDP in Zhenjiang. However, the annual growth rate of Zhenjiang's GDP slowed down from 13.3 per cent. for the year 2010 to 10.9 per cent. for the year 2014 and further slowed down to 9.6 per cent. for the year 2015. There can be no assurance that the level of economic development in Zhenjiang will continue to be maintained at historical growth rates, if at all, and it is unclear how the economic development in Zhenjiang will be affected by a perceivable slowdown in the growth of the PRC economy. Any continuing slowdown in the economic development in Zhenjiang may affect the Zhenjiang Municipal Government's development plan for Zhenjiang New Zone, decrease the demand for the Group's businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

The development and growth potential of Zhenjiang New Zone are also affected by the Zhenjiang Municipal Government's policies and priority relating to the development of the city. During the past several years, Zhenjiang New Zone and its infrastructure and affordable housing experienced significant development due to the Group's business operations, and accordingly the demand for infrastructure development and affordable housing construction within Zhenjiang New Zone had gradually decreased. For the year ended 31 December 2015, the Group's operating revenue from infrastructure construction was RMB3,080.7 million compared to RMB4,482.1 million for the year ended 31 December 2014 and RMB5,299.9 million for the year ended 31 December 2013. Since 2009, the Group has been gradually expanding the scope of its infrastructure construction business by taking some commercial construction projects, such as plant and road construction for mining companies, water and electrical system engineering and construction for commercial properties. However, the majority of the operating revenue of the Group's infrastructure construction business is still generated from public-funded infrastructure construction projects and there is no assurance that the decline in operating revenue experienced by this business segment in the past few years will be reversed, whether in part or at all. If the Group's expansion into commercial construction business is not able to grow as expected, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

The Company is the largest and primary state-owned asset management, investment and financing platform in Zhenjiang New Zone and is dually managed by the Zhenjiang New Zone Management Committee acting on behalf of the Zhenjiang Municipal Government. Given its unique background, the Group is a designated entity to undertake a number of public-funded city construction projects in Zhenjiang New Zone, such as infrastructure construction and affordable housing construction. Accordingly, the Group's business and prospects have historically been, and may continue to be, materially affected by the budget and spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on city construction and urban development in Zhenjiang New Zone. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang's investments in fixed assets increased from RMB175.3 billion in 2013 to RMB254.1 billion in 2015, representing a compound annual growth rate of 20.4 per cent.

There are a number of factors affecting the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee's budget and spending on city construction and urban development in Zhenjiang New Zone. The key factors are government policies and priority relating to the development of different regions and the Zhenjiang Municipal Government's fiscal and monetary policies. The Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee's budget and spending on the development of Zhenjiang New Zone is also affected by the government income and the general economic conditions in the PRC and in Jiangsu Province. Any slowdown in the overall economic conditions of the PRC or Jiangsu Province may affect the economic development of Zhenjiang and the fiscal conditions of the Zhenjiang Municipal Government, which may in turn reduce the budget and spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on city construction and urban developments in Zhenjiang New Zone. If the public spending of the Zhenjiang Municipal Government and the Zhenjiang New Zone Management Committee on infrastructure and fixed asset investments in Zhenjiang New Zone decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

There is no assurance that the Zhenjiang New Zone Management Committee will not interfere with the business and operations of the Group.

The Group is wholly-owned by the Zhenjiang Municipal Government and is designated by the Zhenjiang Municipal Government to carry out infrastructure construction and real estate development in Zhenjiang New Zone. For internal control, the Zhenjiang New Zone Management Committee participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans of the Group and appoints, and conducts annual appraisals on, the directors, supervisors and senior management of the Company. The Company's senior management and the Zhenjiang Municipal Government regularly have in-depth discussions regarding the key investment projects and essential appraisal procedures are conducted before investment decisions are taken. See also "*Description of the Group – Competitive Strengths – Experienced management team with sound corporate governance*". There can be no assurance that the Zhenjiang Municipal Government or the Zhenjiang New Zone Management Committee will not interfere with the business and operations of the Group and any such interference may have a material adverse effect on the Group's business, financial position, results of operations, financial performance and prospects.

PRC regulations on the administration of financing platform of local governments will have a material impact on the Group's business model and sources of financing.

To strengthen the management of financing platforms and effectively prevent fiscal financial risks, the State Council of the PRC issued the Notice on Strengthening Management of Financing Platform of Local Government（國務院關於加強地方政府融資平臺公司管理有關問題的通知）("**Circular 19**") in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government（國家發展改革委辦公廳關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知） ("**Circular 2881**") in November 2010. According to Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds. Such requirements may have a significant impact on the Company and the Group's access to financing and operations.

In December 2012, MOFCOM, PBOC and the China Banking Regulatory Commission ("**CBRC**") jointly promulgated the Notice Regarding the Prohibition of Illegal Financing by Local Governments（關於制止地方政府違法違規融資行為的通知）("**Circular 463**"). According to Circular 463, local governments at different levels and their government departments and offices generally are not permitted to (i) develop agent-construction projects under the "build-and-transfer" ("**BT**") business model except those that satisfy the criteria under applicable PRC laws and regulations, (ii) inject certain public assets such as schools, hospital and garden, into local financing vehicles, (iii) authorise local government financing vehicles with land reserve powers or allow local government financing vehicles to mortgage the land allocated for borrowing, or (iv) provide guarantees in favour of local government financing vehicles relating to their bank borrowings or performance under their respective BT construction arrangements. Circular 463 requires that local governments carefully determine the construction scale and the buyback schedule based on the construction plan of projects and their financial capability if the relevant projects are constructed under the BT business model.

As at the date of this Offering Circular, the Group's infrastructure construction and real estate development businesses are generally conducted under the agent construction business model and the Group has assumed land reserve functions for the land with a total site area of 7,422,993.3 sq.m., 80 per cent. of which has been mortgaged to third party creditors. As at the date of this Offering Circular, the Group has not received any notice from any governmental authority that any of the Group's activities are not in compliance with Circular 463. Nonetheless, as the PRC government may issue more stringent policies that could affect the business of the financing platforms of local governments in the PRC in the future, there is no assurance that the Group will be able to continue to carry out its business activities under the current business model in the future, which in turn may have a material and adverse impact on the Group's business model and sources of financing.

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

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) ("**Circular 43**"). According to Circular 43, financing platform companies, such as the Company, are no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on its operations and financing in accordance with market-oriented principles. Local governments should instead finance the development of public interest projects by issuance of government bonds. Public interest projects that are profit generating, such as construction of non-toll free highways, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors are required to invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts. There are a few cases where certain debts of local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases are comparable or relevant to other local governments' financing platforms are unclear and different local governments' interpretation and application of Circular 43 may vary from one another. Therefore, the Company's financing model, business model and business scope may be required to change significantly and going forward, investors in relation to the Company's indebtedness will only have recourse to the Company's assets (and not those of the local government).

Circular 43 sets forth the general principles of dealing with existing debts of local financing platforms. In 2014, the local counterparts of the Ministry of Finance of the PRC began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of the local governments (the "**First Type of Borrowings**"), (ii) debts that are guaranteed by the local governments (the "**Second Type of Borrowings**"), (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay (the "**Third Type of Borrowings**") and (iv) debts that will not be repaid or financed with the funds of the local governments (the "**Fourth Type of Borrowings**"). In response to such a requirement, the Company submitted to the Zhenjiang Municipal Government a list of the Group's then existing debts which amounted to approximately RMB9,778 million in total. As at the date of this Offering Circular, the Group has received an audit result from the Zhenjiang Municipal Audit Commission that, as at 31 December 2014, approximately RMB2,151 million of the Group's existing debts has been classified as the First Type of Borrowings, RMB6,874 million of its existing debts has been classified as the Second Type of Borrowings, while the remaining RMB753 million has been classified as the Third Type of Borrowings, which the Group intends to repay with internal cash flows and funds secured through other external sources. For the Group's debts that are classified as the Third Type of Borrowings, the Group would be exposed to the risk of non-performance by the Zhenjiang Municipal Government to finance the Group when the Group is unable to repay the borrowings that come due, which is beyond the Group's control. Failure by the Zhenjiang

Municipal Government to honour its undertaking to provide funding for the Group to fulfil its payment obligations may cause the Group to default under the relevant indebtedness and have a material and adverse impact on its overall financial condition and results of operations. See "*– The Group faces risks associated with contracting with public bodies*."

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

The Group's business requires substantial capital expenditure. For the years ended 31 December 2013, 2014 and 2015, the Group incurred capital expenditures of RMB2,159.9 million, RMB771.1 million and RMB5,049.8 million, respectively. The Group has historically satisfied its capital requirement with cash flows generated from its operating activities, bank loans, loans from trust companies and other borrowings, funds raised in the PRC domestic capital markets and subsidies from the Zhenjiang Municipal Government. The Group will continue to require additional capital resources to carry out its city construction projects.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, the local government's plan in project buybacks and granting government funds, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any material changes in these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in the buyback payment by the government and the government funding and cost overruns inherent may also cause such shortfall. There 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. For the years ended 31 December 2013, 2014 and 2015, the Group had the net operating cash outflows of RMB10,628.4 million, RMB1,583.7 million and RMB1,762.0 million, respectively. See "*– The Group has historically experienced volatile and negative net operating cash flows*".

In addition, a portion of the capital demand of the Group is satisfied through funding provided by the Zhenjiang New Zone Finance Bureau. In determining whether funds will be allocated, the Zhenjiang New Zone Finance Bureau generally considers such factors as the number of completed and ongoing construction projects and the scale and payment arrangements of the projects. Funds for each project are included in the Zhenjiang New Zone Finance Bureau's preparation and review of the annual budget and will be allocated according to the construction progress and funding needs of each project. However, there can be no assurance that the Zhenjiang New Zone Finance Bureau will allocate to the Group sufficient funding for the construction of the projects, if at all.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2015, the Group's total indebtedness (comprising short-term loans, short-term notes, long-term loans due within one year, bonds payable within one year, long-term loans and bonds payable for that financial year) was RMB49.2 billion. See "*– Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*". The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no guarantee that the Group will be able to procure sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms. In these cases, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects. As at 31 December 2015, the Group had credit facilities in a total amount of approximately RMB12.8 billion, of which approximately RMB1.3

billion had not been utilised, which account for 10.2 per cent. of the total amount of credit facilities. If the Group could not obtain additional credit facilities or there are large capital requirement, the Group would face great capital pressure, which could have a material and adverse impact on its business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As the largest and primary state-owned asset management, investment and financing platform in Zhenjiang New Zone with a focus on infrastructure construction and real estate development, the Group collaborates with various governmental authorities and their controlled entities in Zhenjiang New Zone. Although the Company believes that the Group currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there is no assurance that these 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 obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to the contractual terms or other matters. Those governmental authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Zhenjiang New Zone for a number of reasons, such as government budgeting.

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

Failure by the local government to fulfil its contractual obligations or any adverse change to the policies or business plan may require the Group to adjust its development plans and thus adversely affect its operating results. There is no guarantee that the Group will be able to successfully resolve any material disagreement with the local government or any of its controlled entities in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than 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 local governments and the governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

For the years ended 31 December 2013, 2014 and 2015, the Group had a net operating cash outflow of RMB10,628.4 million, RMB1,583.7 million and RMB1,762.0 million, respectively. The Group's volatile and negative operating cash flow was largely attributable to the long duration and large amounts of capital expenditure of the Group's construction projects and a mismatch between the development timetable which determines its expenditures and the buyback timetable which determines its operating revenue from the relevant projects. Although a number of new infrastructure construction and affordable housing development projects were launched in Zhenjiang New Zone in recent years, the Group will only start receiving buyback payments from the local government upon the completion of the relevant project and such payment will be made in instalments during the period of up to five years after project completion. As the Group anticipates continued expansion of its business as a result of the "One Belt, One Road" initiative, it expects to continue to require significant capital commitment. There can be no assurance that its negative operating cash flow will be resolved soon, if at all. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, which may increase its financial vulnerability and may adversely affect its financial condition and results of operations.

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

The Group relies on bank loans, loans from trust companies and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2015, the Group's total indebtedness (comprising short-term loans, short-term notes, long-term loans due within one year, bonds payable within one year, long-term loans and bonds payable for that financial year) was RMB49.2 billion, of which RMB17.4 billion would become due within 12 months.

In addition, a large portion of the Group's borrowings is through loans from trust companies. As at 31 December 2015, the Group's amount of loans from trust companies is approximately RMB11.2 billion, accounting for approximately 22.8 per cent. of the Group's total indebtedness. The cost for loans from trust companies is generally higher than bank loans, which significantly increases the financial cost of the Group. For the years ended 31 December 2013, 2014 and 2015, the interest expense of the Group amount to RMB3,711.9 million, RMB4,395.2 million and RMB5,119.0 million, respectively. The continuing increase of interest cost may have a material and adverse impact on the Group's profitability, and may have the same impact on the Group's business, financial condition, results of operations and prospectus accordingly.

Furthermore, as at 31 December 2015, the total amount of the Group's outstanding guarantee for third parties was approximately RMB22.3 billion. Most of the guaranteed companies are other state-owned enterprises in Zhenjiang. If any of the guaranteed companies defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the guarantee to demand repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected. Substantial indebtedness could impact on the Group's businesses in a number of ways, including:

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

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

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

As at 31 December 2015, approximately RMB29,839.1 million of the Group's borrowings was secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Company 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 adversely affect the Group's business, prospects and financial condition.

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

The Group's businesses require a large amount of working capital prior to the completion of the relevant project and the subsequent buyback by the government. As at 31 December 2013, 2014 and 2015, the Group's inventories amounted to RMB16,326.5 million, RMB16,395.6 million and RMB15,815.8 million, respectively, representing 24.1 per cent., 21.7 per cent. and 15.8 per cent. of the Group's total assets. The Group's inventories mainly comprise the undeveloped land transferred or sold to it by the Zhenjiang Municipal Government. The PRC government may issue more stringent real estate adjusting and controlling policies or there may be changes to land policies that could affect the value and marketability of the land. Nevertheless, in accordance with the Group's accounting policies, the Group does not make falling price reserves for the land in inventories. There are risks associated with the large amount of inventories and a lack of reserves for the inventories which could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

As at 31 December 2013, 2014 and 2015, the Group's account receivables amounts to RMB16,155.0 million, RMB16,773.6 million and RMB18,437.2 million, respectively, representing 23.8 per cent., 22.2 per cent. and 18.4 per cent. of the Group's total assets. The Group's account receivables mainly comprise the outstanding buyback amounts owed by the Zhenjiang New Zone Management Committee to the Group.

As at 31 December 2013, 2014 and 2015, the Group's other receivables amounts to RMB15,753.0 million, RMB20,313.6 million, and RMB28,136.5 million, respectively, representing 23.3 per cent., 26.8 per cent. and 28.1 per cent. of the Group's total assets. Most of the Group's other receivables are the cost of the primary land development undertaken by it for the Zhenjiang New Zone

Management Committee. Currently, the Chinese property market is, and is expected to continue to be, cyclical as a result of changes in market supply and demands. Given the various measures introduced by the PRC Government to curtail property speculation in response to the concerns over overheating of the property market, property enterprises may slow down their acquisition of land use rights, which may in turn result in a decrease of land transfer prices and affect the Zhenjiang New Zone Management Committee's ability to make timely payments.

According to the Group's accounting policies, the Group makes provisions for overdue receivables on its balance sheet as a reserve against the future recognition of certain accounts receivables or as bad debt. There are inherent risks associated with the government and the Group's other customers' ability to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

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

The Company has more than a hundred subsidiaries and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group focuses on two principal segments of business, namely, (i) infrastructure construction and (ii) real estate development. However, the Group is also exploring opportunities in other industries, such as manufacturing, logistics and trading as part of the Group's miscellaneous businesses. As such, the Group is exposed to risks associated with multiple businesses.

The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

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

Certain business activities of the Group, such as infrastructure construction, affordable housing construction, guarantee and microfinancing, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. For example, the Group needs to obtain approvals from the relevant water authorities regarding the construction plans of its water infrastructure projects; the Group needs to have the construction enterprise qualification certificate（建築業企業資質證書）and real estate development enterprise qualification certificate（房地產開發企業資質證書）in order to engage in real estate development activities; the Group needs to obtain the operation licences for financing guarantee institution（融資性擔保機構經營許可證）in order to engage in credit guarantee business. For each real estate development project, the Group is required to obtain a project approval and the environmental assessment approval at the outset of the project. As the projects progress, it needs to receive the construction land planning permit（建設用地規劃許可證）, the construction project planning permit（建設工程規劃許可證）and the construction permit（建築工程施工許可證）at different stages of development. It takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the businesses. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and operations and a failure to obtain the necessary approvals, licences 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, licences, certificates and government authorisations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non–compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

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

Most of the Group's infrastructure construction projects are conducted under the agent construction business model where the Group undertakes the construction, funding and management of each project until its completion. For those projects, the payment collection period is relatively long, and all or a large portion of the agreed buyback payment is generally paid only after the government completes its testing and inspection works and provides its approval for the project or a phase of the project. The government may however delay or be unable to make the buyback payment upon completion of the project. However, the Group incurs costs such as material, equipment and labour costs, at the beginning of the project, on an ongoing basis and before achieving the relevant project milestones, and thus bears the risk of pre-paying costs and expenditures relating to projects. Therefore, any delay or default in the buyback payment by the government may increase the Group's cash flow pressure which will in turn increase its business financial vulnerability and adversely affect its financial condition and results of operations. As at the date of this Offering Circular, the Group has not experienced any significant delay in the payment by the relevant governmental authorities in accordance with the agreed payment timetable. However, there is no assurance that the governmental authorities will continue to make all payments in a timely manner, or that no events of default will occur in the future.

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

The Group regularly receives financial support and certain preferential treatments from the Zhenjiang Municipal Government in various forms, such as government subsidies and grants and capital injection. For the years ended 31 December 2013, 2014 and 2015, the government subsidies and grants received by the Group amounted to RMB390.4 million, RMB589.5 million and RMB545.9 million, respectively. The Zhenjiang Municipal Government's continuous financial support to the Group and timely payment of the promised subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central government. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments, since the relevant government policies may change over time. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group has substantial indebtedness outstanding. Many of the Group's indebtedness bears interest that accrue 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 affect 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 PRC government started to lower benchmark lending rates to encourage borrowing and stimulate the recovery of the country's economy. Beginning in 2008, PBOC decreased the benchmark one-year lending rate five times, from 7.47 per cent. to 5.31 per cent. in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56 per cent. on 7 July 2011 and onwards. In recent years, a perceivable slowdown in the growth of China's economy again caused the PRC government to adopt more liberal monetary policies with an aim to stimulate its economic development. Since 2012, PBOC reduced the benchmark one-year lending rate a number of times to 4.35 per cent. as at 24 October 2015 and onwards. Although the Group's business and financial condition may benefit from the low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue. Any increase in benchmark lending rates by PBOC in the future will increase the Group's financing costs and adversely affect the profitability of its operations.

The Group may not successfully implement its growth strategy.

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

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

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

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

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

As at 31 December 2015, the Group had commenced development within the time stipulated in the relevant land use rights grant contracts and therefore had no idle land. As at the date of this Offering Circular, the Group has not received any fine or penalty or notice of fine or penalty from the relevant governmental authorities relating to any idle land. However, no assurance can be given that the Group will always be able to comply with the relevant policies on idle land and that the governmental authorities will not penalise the Group should there be any non-compliance in the future. The imposition of fines and penalties could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group may be adversely affected by the performance of its manufacturing business.

The Group's manufacturing business mainly include the manufacture of photovoltaic products. For the years ended 31 December 2013, the Group's manufacturing business had gross profit of RMB5.5 million. For the years ended 31 December 2014 and 2015, the Group's manufacturing business incurred a gross loss of RMB35.3 million and RMB18.7 million, respectively. The gross loss of the Group's manufacturing business was largely attributable to the market downturn of photovoltaic industry in recent years. Due to the overcapacity problem of the Chinese photovoltaic industry and the "double-anti-dumping" measures taken by the United States and European Union against the Chinese photovoltaic enterprises, the price of raw materials and the photovoltaic products have experienced great fluctuations in recent years. The Group's photovoltaic products manufacturing business is heavily affected by the fluctuation of the prices of raw materials and the photovoltaic products. In the event that there is a significant increase in the price of the raw materials and the failure of the Group to shift the increased cost to its customers by increasing the price of it photovoltaic products, or if there is a significant decrease of the market price of the photovoltaic products in PRC, the profit margin of the Group's manufacturing business may decrease, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group's businesses in the financial industry involve many inherent risks, including the risk that the loans the Group guarantees or grants are not repaid on time or at all. The Group's credit guarantee business currently focuses on SME customers in Zhenjiang New Zone. Many of its customers have limited financial resources or relatively weaker credit profile, making it difficult for them to obtain capitals from the large state-owned financial institutions. For the same reason, they are more vulnerable to adverse competitive, economic or regulatory conditions, and create greater credit risks relating to the Group's loan and guarantee business than larger or more established businesses with longer operating histories. The Group mainly conducts its guarantee business through Zhenjiang New Zone Middle and Small-sized Enterprises Guarantee Co., Ltd. (鎮江新區中小企業投資擔保有限公司). As at 31 December 2015, Zhenjiang New Zone Middle and Small-sized Enterprises Guarantee Co., Ltd.'s total outstanding guarantees amounts to approximately RMB1,129.5 million and has repaid approximately RMB30.6 million as guarantor.

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

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

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

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

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

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the real estate properties it develops;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;

- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

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

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

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

Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

The Group is subject to joint venture risks.

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

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

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

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

As at the date of this Offering Circular, the Group 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 Group's businesses may be affected by an outbreak, or threatened outbreak, of any severe contagious disease, which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or the recent cases of H7N9. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013 and resulted in significant loss of lives and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1 or the H7N9 avian flu, especially in the cities where the Group has operations, may result in material influence of the Group's related business, which in turn may adversely affect its financial condition and results of operations.

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

The Group from time to time issues corporate bonds, mid-term notes and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Group needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds, mid-term notes and short-term financing bonds. After the Bonds are issued, the Company is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed periodical financial statements. The quarterly and 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, this financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Company'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 Company's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds. The Company 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.

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

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Guarantor, the Company, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Issuer, the Guarantor, the Company, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE PRC

The Group's business, financial condition, results of operations and prospects could be adversely affected by slowdowns in the PRC economy.

The Group primarily engages in infrastructure construction and affordable housing construction businesses in Zhenjiang New Zone and substantially all of the Group's revenue is derived from the PRC. The Group relies, to a significant degree, on the development and economic of the PRC, particularly of Zhenjiang, to achieve revenue growth. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy. In 2015, the PRC Government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. As a consequence of these reforms and instability in the recovery of international economy, China reported a GDP of RMB67.67 trillion in 2015, representing year-on-year growth of 6.9 per cent. which was a record 25-year low. In the fourth quarter of 2015, China reported a GDP of RMB18.9 billion, representing year-on-year growth of 6.8 per cent., according to the statistic released by National Bureau of Statistics of the PRC. In March 2016, Moody's Investors Service and Standard & Poor's Ratings Services changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. The continuing effects of reform in the PRC and the sovereign debt crisis in Europe may have an adverse effect on the global and the PRC economies resulting in continuing uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any slowdown of the PRC economy may create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

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

The PRC economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

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

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

Uncertainty with respect to the PRC legal system could affect the Group.

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

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

The Group and a number of the Group's subsidiaries are incorporated in the PRC. A substantial portion of the Group's assets are located in the PRC. In addition, most of the Company's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Investors to enforce any judgments obtained from foreign courts against the Group, the Company, any of their respective directors, supervisors or senior management in the PRC.

Government control of currency conversion may adversely affect the value of investors' investments.

Most of the Group's operating revenue is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Bonds. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

Each of the Issuer and the Guarantor has limited assets, which affects its ability to make payments under the Bonds and/or the Guarantee, and relies on the cash flows generated by other members of the Group to meet its obligations under the Bonds and the Guarantee.

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

As at the date of this Offering Circular, the Guarantor carries on no business other than entering into the Guarantee. See "*Description of the Guarantor*". Similar to the Issuer, the Guarantor may be inhibited from meeting its payment obligations under the Bonds and the Guarantee in full due to the limited amount of assets that it holds.

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

As the Issuer is incorporated under the laws of the British Virgin Islands, the Guarantor is incorporated under the laws of Hong Kong, and the Company is a state-owned enterprise incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer, the Guarantor and the Company would likely involve insolvency laws of the British Virgin Islands, Hong Kong or the PRC, as applicable, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The rating expected to be assigned to the Bonds may be changed at any time and may adversely affect the market price of the Bonds.

The rating expected to be assigned to the Bonds represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawn at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. None of the Issuer, the Guarantor or the Company has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. Each rating should be evaluated independently of the other rating. A suspension reduction or withdrawal of the ratings may adversely affect the market price of the Bonds and the Issuer's or the Guarantor' ability to access the debt capital markets.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. 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 liquidity of, or trading marked for, the Bonds. None of the Managers is obligated to make a market in the Bonds, and if the Managers do so they may discontinue such market-making activity at any time without notice. Further, the Bonds may be allocated to a limited number of investors, in which case liquidity may be limited. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the 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. It is the investors' obligation to ensure that offers and sales of the Bonds within the United States and other countries comply with applicable securities laws. Please see "*Subscription and Sale*". None of the Issuer, the Guarantor or the Company can predict whether an active trading market for the Bonds will develop or be sustained.

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

The Bonds are denominated and payable in US dollars. An investor who measures investment returns by reference to a currency other than US dollars 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 none of the Issuer, the Guarantor or the Company has any control. Depreciation of the US dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further bonds or otherwise raise additional capital through such means and in such manner as it may consider necessary. See "*Terms and Conditions of the Bonds – Further Issues*". There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

The Issuer may, in the case of a Change of Control or will, on maturity, be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Company's or its subsidiaries' other indebtedness.

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 each of the Group's revenue, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies or any adverse change in the credit rating, revenues, earnings or results of operations of the Group could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

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

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Bonds, or if any of the Company or its subsidiaries, including the Issuer and the Guarantor, is unable to comply with its current or future debt obligations and other agreements, 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 Company or the relevant subsidiary, 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 Group's debt agreements, and the Bonds, contain (or may in the future contain) cross-acceleration or cross-default provisions. As a result, the default by the Company or such subsidiary 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 assets and cash flows of the Company and its subsidiaries would be sufficient to repay in full all of their indebtedness, or that they would be able to find alternative financing. Even if alternative financing could be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Company or its subsidiaries.

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.

The Conditions contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the 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 holders of the Bonds may be adverse to the interests of the individuals.

Modifications and waivers may be made in respect of the Conditions and the Trust Deed by the Trustee or less than all of the holders of the Bonds.

The Conditions provide that the Trustee may, without the consent of Bondholders, agree to any modification of the Trust Deed, the Conditions, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and/or the Agency Agreement which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed, the Conditions, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any breach or proposed breach of the Trust Deed, the Conditions, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

In certain circumstances (including without limitation giving of notice to the Issuer, the Guarantor and the Company pursuant to Condition 9 of the Conditions and taking action pursuant to Condition 13 of the Conditions), the Trustee may (in its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Bondholders to take such actions directly.

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

Under the Enterprise Income Tax Law (the "**EIT Law**")（企業所得稅法）and the implementation rules which both took effect on 1 January 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises.

Most of its directors and senior management are currently based inside China and it may keep its books of account inside China. The above elements may be relevant for the tax authorities to determine whether the Issuer is a PRC resident enterprise for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether the Issuer has a "de facto management body" located in China for PRC tax purposes, the Group takes the position that the Issuer is not a PRC resident enterprise for tax purposes. There is no assurance that the tax authorities will agree with the Group's position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Bonds to investors that are Hong Kong resident enterprises or 10 per cent. on payments of interest and other amounts on the Bonds to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Bonds may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10 per cent. PRC withholding tax.

Furthermore, if the Issuer is treated as a PRC "resident enterprise", the interest the Issuer pays in respect of the Bonds, and the gain any investor may realise from the transfer of the Bonds, may be treated as income derived from sources within the PRC and may be subject to PRC tax (including withholding tax in the case of interest). If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Issuer's foreign shareholders who are "non-resident enterprises", the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow. In addition, if any Bondholder is required to pay PRC income tax on the transfer of the Bonds, the value of such Bondholder's investment in the Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer and/or the Guarantor has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in Condition 6. If the Issuer redeems the Bonds prior to their maturity date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

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

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

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

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant 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 relevant Bonds;

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

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

A potential investor should not invest in Bonds which are complex financial instruments unless it has 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) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

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

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

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

Bonds will initially be evidenced by the Global Certificate. Such Global Certificate will be deposited with a common depositary 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 evidenced by the Global Bonds or Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are evidenced by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the 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 the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

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

The Bonds and the Guarantee are unsecured obligations.

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

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

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

The Keepwell and Liquidity Support Deed is not a guarantee of the payment obligations under the Bonds and the Guarantee and performance of the obligations thereunder is subject to approvals of the PRC governmental authorities.

The Company will enter into the Keepwell and Liquidity Support Deed in relation to the Bonds. See "*Description of the Keepwell and Liquidity Support Deed.*" Upon the occurrence of an event of default as set out in Condition 9, the Trustee shall take action against the Company to enforce the provisions of the Keepwell and Liquidity Support Deed. However, neither the Keepwell and Liquidity Support Deed nor any actions taken by the Company thereunder can be deemed as a guarantee by the Company of the payment obligation of the Issuer under the Bonds or the Guarantor under the Guarantee. Accordingly, the Company will only be obliged to cause the Issuer or the Guarantor to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer or the Guarantor to pay such payment obligations in full as they fall due, rather than assume the payment obligation as in the case of a guarantee. Furthermore, even if the Company intends to perform its obligations under the Keepwell and Liquidity Support Deed, depending on the manner in which the Company performs its obligations under the Keepwell and Liquidity Support Deed in causing the Issuer or the Guarantor to obtain, before the due date of the relevant payment obligations, funds sufficient meet its obligations under the Bonds or the Guarantee, such performance may be subject to obtaining prior consent, approvals, registration and/or filings from relevant PRC governmental authorities, including NDRC, MOFCOM and SAFE. Similarly, even if the Company intends, in accordance with its obligations under the Keepwell and Liquidity Support Deed, to grant the Issuer a standby facility pursuant to which the Company will remit an amount sufficient to discharge the Issuer's payment obligation under the Bonds, the Trust Deed and the Keepwell and Liquidity Support Deed, the Company may not be able to grant such standby facility due to reasons beyond its control, such as the failure or inability to obtain any required consents, approvals, registrations and/or filing from relevant PRC government authorities and unforeseeable changes in government policies or regulations.

In addition, under the Keepwell and Liquidity Support Deed, the Company will undertake to cause the Issuer and Guarantor to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Bonds and/or the Guarantee. However, any claim by the Issuer, the Guarantor and/or the Trustee against the Company in relation to the Keepwell and Liquidity Support Deed will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (which have not provided the Guarantee), particularly the onshore operating subsidiaries of the Company, and all claims by creditors of such subsidiaries (which have not provided the Guarantee) will have priority to the assets of such entities over the claims of the Guarantor and the Trustee under the Keepwell and Liquidity Support Deed.

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

The Company intends to assist the Issuer and the Guarantor to meet their obligations by entering into the Deed of Equity Interest Purchase Undertaking on the Issue Date. Under the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase the equity interest held by the Guarantor and/or any other subsidiaries of the Company incorporated outside the PRC (each, a "**Relevant Transferor**") at a purchase price, subject to the terms in the Deed of Equity Interest Purchase Undertaking and the applicable PRC laws and regulations, not lower than the amount sufficient to enable the Issuer and the Guarantor to discharge their respective obligations under the Bonds, the Guarantee and the Trust Deed.

Performance by the Company of the Deed of Equity Interest Purchase Undertaking may be subject to the approvals of or registrations with:

- NDRC or its local office in respect of the transfer of the equity interest in the offshore subsidiaries from the Relevant Transferor to the Company;

- MOFCOM or its local office in respect of the transfer of the equity interest in the onshore or offshore subsidiaries from the Relevant Transferor to the Company;

- the PRC State Administration for Industry and Commerce or its local office in respect of the transfer of the equity interest in the onshore subsidiaries from the Relevant Transferor to the Company;

- the relevant PRC tax authorities in respect of withholding tax for the Relevant Transferor;

- SAFE or its local office in respect of (i) changing the SAFE registration of, or in connection with, the onshore or offshore companies being sold, and (ii) the remittance of the purchase price, denominated in US dollars, from the Company in the PRC to the offshore vendor(s) in Hong Kong (where applicable); and

- other approvals, registrations and/or filings required under the applicable PRC laws, regulations or policies.

As the approval process is beyond the control of the Company, there can be no assurance that the Company will successfully obtain either the requisite approvals or registrations in time, or at all, or that the PRC government's relevant policies or regulations will not change in the future. In the event that the Company fails to obtain the requisite approvals or registrations, the Issuer and the Guarantor may have insufficient funds to discharge their outstanding payment obligations to the holders of the Bonds.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. The Trustee's claim against the sale proceeds will be an unsecured claim and may rank lower in priority to any claims by secured third party creditors of such Relevant Transferor where it is the Guarantor. Where a Relevant Transferor is not the Guarantor, the Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor.

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

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase or procure a subsidiary of the Company to purchase from one or more Relevant Transferors (which includes the Issuer and the Guarantor) the equity interest held by it upon the occurrence of an event of default under the Bonds. The ability of the Company to perform this undertaking may be affected by any present or future financing agreements of the Company and its subsidiaries:

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

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

Under the Conditions and the Keepwell and Liquidity Support Deed, there are no restrictions on the Company or its subsidiaries entering into financing agreements with such non-disposal or other restrictive covenants or securing the equity interests of the Company or any of its subsidiaries' in favour of any of their respective creditors. In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there is no assurance that the Company or the relevant subsidiary will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the equity interest to proceed. If such consents or releases cannot be obtained, the relevant subsidiary may need to repay the indebtedness owed to its third party creditors in order to be able to sell the relevant equity interests to the Company, failing which, the Issuer and the Guarantor may have insufficient funds to discharge their payment obligations to the holders of the Bonds.

In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there is no assurance that any required approvals or waivers can be obtained from third party shareholders in a timely manner or at all.

In addition, third party shareholder consent may also be required if the Company chooses to acquire the equity interests of certain non-wholly-owned companies of a Relevant Transferor. In such an event, the prospective acquisition may be subject to pre-emptive rights or other restrictions in such company's articles of association, shareholders' agreement or otherwise that would require the selling shareholder to obtain consent or waiver from other third party shareholders before any equity interest can be sold to the Company or its subsidiaries or affiliate.

See "*The Issuer and the Guarantor have limited assets which can be sold to the Company pursuant to the Deed of Equity Interest Purchase Undertaking*."

The Issuer and the Guarantor have limited assets which can be sold to the Company pursuant to the Deed of Equity Interest Purchase Undertaking.

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase or procure a subsidiary of the Company to purchase from a Relevant Transferor (which includes the Issuer and the Guarantor) the equity interest held by it upon the occurrence of an event of default under the Bonds.

As of the date of this Offering Circular, the Issuer and the Guarantor have very limited assets that can be sold to the Company in the event that the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective.

The Issuer is a special purpose vehicle incorporated for the purpose of issuing the Bonds. Since its incorporation, the Issuer has no substantive assets or any business operations. See "*Risk Factors – Risks relating to the Bonds and the Guarantee – The Issuer is a company with no material assets and will rely on remittances from the Company and its subsidiaries to make payments under the Bonds*".

The Guarantor also has very limited assets. Similar to the Issuer, the Guarantor may also be inhibited from meeting its payment obligations under the Bonds and the Guarantee in full due to the limited amount of assets that it holds.

Should the Company decide to acquire equity interest from the Issuer or the Guarantor, the Company may encounter difficulties with the discharge its payment obligations under the Deed of Equity Interest Purchase Undertaking because the Issuer and the Guarantor only have limited equity interests to sell to the Company.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of US$300,000,000 4.90 per cent. bonds due 2019 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a written resolution of the sole director of Hanrui Overseas Investment Co., Ltd. (the "**Issuer**") passed on 17 June 2016. The Bonds are guaranteed by Hanrui International Investment Company Limited（瀚瑞國際投資有限公司）(the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a written resolution of the sole director of the Guarantor on 17 June 2016. Each of the Issuer and the Guarantor is, directly or indirectly, a subsidiary of Jiangsu Hanrui Investment Holdings Co., Ltd.（江蘇瀚瑞投資控股有限公司）(the "**Company**"). The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 28 June 2016 (the "**Issue Date**") among the Issuer, the Company, the Guarantor and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates. Copies of the Trust Deed and of the Agency Agreement (the "**Agency Agreement**") dated on or about 28 June 2016 relating to the Bonds among the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**"), The Bank of New York Mellon, London Branch as initial principal paying agent (the "**Principal Paying Agent**") and any other agents named in it, are available for inspection during usual business hours at the principal place of business in London of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent from time to time. The "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds, and the "**Paying Agents**" include the Principal Paying Agent. The Bonds also have the benefit of (i) a keepwell and liquidity support deed dated on or about 28 June 2016 (the "**Keepwell and Liquidity Support Deed**") entered into by the Issuer, the Guarantor, the Company and the Trustee; and (ii) a deed of equity interest purchase undertaking dated on or about 28 June 2016 (the "**Deed of Equity Interest Purchase Undertaking**") entered into by the Guarantor, the Company and the Trustee, both such deeds being executed in favour of the Trustee. The entering into the Keepwell and Liquidity Support Deed was authorised by a written resolution of the sole director of each of the Issuer and the Guarantor on 17 June 2016 and by a resolution of the board of directors of the Company on 29 March 2016. The entering into the Deed of Equity Interest Purchase Undertaking was authorised by a written resolution of the sole director of the Guarantor on 17 June 2016 and a resolution of the board of directors of the Company on 29 March 2016, respectively. 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 are deemed to have notice of those provisions applicable to them of the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking.

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

1 FORM, DENOMINATION AND TITLE

The Bonds are issued in registered form in the denomination of US$200,000 and integral multiples of US$1,000 in excess thereof.

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

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

In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" means the person in whose name a Bond is registered in the Register.

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

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

2 TRANSFERS OF BONDS

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

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

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

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

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

3 STATUS AND GUARANTEE

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

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

4 COVENANTS

(a) **Negative Pledge**:

So long as any Bond remains outstanding (as defined in the Trust Deed), (A) neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure (aa) any Relevant Indebtedness outside the PRC or (bb) any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without (i) at the same time or prior thereto securing the Bonds or guaranteeing or indemnifying the Bondholders equally and rateably therewith or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders; and (B) the Issuer and the Guarantor undertake to procure that the Company and its Subsidiaries will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness outside the PRC or to secure any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without at the same time or prior thereto securing the Bonds equally and rateably therewith.

(b) **Financial Information**: For so long as any Bond remains outstanding:

(i) the Company will furnish the Trustee with (A) a Compliance Certificate of the Company in English (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Company Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation services provider, together with a certificate signed by a Director of the Company who is also an Authorised Signatory or another Authorised Signatory of the Company certifying that such translation is complete and accurate; and (B) a copy of the Company Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with its audited consolidated financial statements and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation service provider, together with a certificate signed by a Director of the Company who is also an Authorised Signatory or another Authorised Signatory of the Company certifying that such translation is complete and accurate, provided that, if at any time the capital stock of the Company is listed for trading on a recognised stock exchange, the Company may furnish to the Trustee, as soon as they are available but in any event not more than 15 calendar days after any financial reports of the Company are filed with the exchange on which the Company's capital stock is at such time listed for trading, copies of any financial reports of the Company filed with such exchange and if such financial reports shall be in Chinese language, together with an English translation of the same translated by a nationally or internationally recognised firm of accountants or a professional translation services provider, in lieu of the documents identified in Condition 4(b)(i) above, certified as true and correct copies and such translation certified as complete and accurate by a Director of the Company who is also an Authorised Signatory or another Authorised Signatory of the Company; and

(ii) the Issuer and the Guarantor will furnish the Trustee with (A) a Compliance Certificate of each of the Issuer and the Guarantor in English pursuant to the Trust Deed (on which the Trustee may rely conclusively as to such compliance) within 120 days of the end of each financial year; (B) a copy of the relevant Guarantor Audited Financial Reports within 120 days of the end of each Relevant Period; and (C) a copy of the Guarantor Unaudited Financial Reports within 60 days of the end of each Relevant Period.

(c) **Deed of Equity Interest Purchase Undertaking**: Upon the Trustee being notified in writing of the occurrence of any Event of Default (as defined under Condition 9), the Trustee shall give to the Company (with a copy to the Issuer) a notice in writing in accordance with the Trust Deed notifying the Company of its obligations to purchase, either by itself or through a PRC incorporated Subsidiary of the Company, certain equity interests under the Deed of Equity Interest Purchase Undertaking. Upon the completion of any equity purchase made in accordance with the Deed of Equity Interest Purchase Undertaking, each of the Issuer and the Guarantor undertakes to (i) direct the Company promptly to, in the event that a Relevant Transferor (as defined in the Deed of Equity Interest Purchase Undertaking) is neither the Issuer nor the Guarantor, procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the proceeds received by such Relevant Transferor to the Issuer prior to any other use, disposal or transfer of the proceeds received and (ii) promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the proceeds received by the Issuer in accordance with the Deed of Equity Interest Purchase to be applied solely towards the payment in accordance with the Trust Deed of any outstanding amounts under the Trust Deed, the Guarantee and the Bonds (including any interest accrued but unpaid on such Bonds) prior to any other use, disposal or transfer of the proceeds received.

(d) **Irrevocable Cross-Border RMB Standby Facility**: In the event that the Trustee has given the Issuer, the Guarantor and the Company a Trigger Notice in accordance with the Keepwell and Liquidity Support Deed, the Company shall in accordance with the Keepwell and Liquidity Support Deed, among other things, (i) as soon as practicable grant to the Issuer or the Guarantor, as the case may be, a standby facility in an amount in RMB sufficient to satisfy the payment obligations as provided in the Keepwell and Liquidity Support Deed, (ii) as soon as practicable open a special RMB account for the transfer and remittance of such amount to the Issuer or the Guarantor, as the case may be, (iii) remit such amount to a specified account of the Issuer or the Guarantor, as the case may be, in Hong Kong through the special RMB account and (iv) cause the Issuer or the Guarantor, as the case may be, to use such amount received to discharge its obligations under the Bonds, the Guarantee, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and the Keepwell and Liquidity Support Deed on the due date therefor.

(e) **Obligation to invest**: In the event that the Trustee has given the Issuer, the Guarantor and the Company a Trigger Notice in accordance with the Keepwell and Liquidity Support Deed notifying the Company of its obligations to provide liquidity to the Issuer or the Guarantor, as the case may be, by investing (either by itself or through a Subsidiary of the Company as designated by it) in the Issuer or the Guarantor, as the case may be (by equity investment or shareholders' loan or a combination thereof) in the manner set out in the Keepwell and Liquidity Support Deed, the Issuer, the Guarantor or the Company, as the case may be, shall use its best efforts to do all such things and take such actions as may be necessary or desirable to obtaining the relevant investment approvals as provided in the Keepwell and Liquidity Support Deed.

(f) **Maintenance of Consolidated Net Worth and Liquidity:** Pursuant to the Keepwell and Liquidity Support Deed, the Company undertakes that it shall cause, that from the Issue Date and for so long as any Bonds are outstanding, (A) each of the Issuer and the Guarantor shall at all times have a Consolidated Net Worth of at least US$1.00 or its equivalent at all times; (B) each of the Issuer and the Guarantor shall have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts payable under or in respect of any of its indebtedness (including under the Bonds and the Guarantee in accordance with the Conditions and/or the Trust Deed and otherwise under the Trust Deed); and (C) each of the Issuer and the Guarantor shall remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Pursuant to the Keepwell and Liquidity Support Deed, if the Issuer or the Guarantor at any time determines that it will have insufficient liquidity to meet its payment obligations as they fall due under the Bonds and/or the Guarantee, as the case may be, then the Issuer and/or the Guarantor shall promptly notify the Company of the shortfall and the Company will make available to the Issuer or the Guarantor, before the due date of the relevant payment obligations, funds sufficient to enable the Issuer or the Guarantor (as the case may be) to meet such payment obligations in full as they fall due. The Issuer or the Guarantor shall use any funds made available to it by the Company in accordance with the Keepwell and Liquidity Support Deed solely for the payment when due of such payment obligations under the Bonds, the Guarantee or the Trust Deed (as the case may be).

(g) **Notification to NDRC**: The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 Registration Business Days after the Issue Date 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 which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

(h) **Notification of Submission of the NDRC Post-issue Filing:** The Issuer shall within 15 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in English signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing (the "**Registration Confirmation Certificate**"). The Issuer shall give notice to the Bondholders (in accordance with Condition 16) confirming submission of the NDRC Post-Issue Filing as soon as practicable after provision of the Registration Confirmation Certificate to the Trustee.

(i) In these Conditions:

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

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

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

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

(ii) each of Company, the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Equity Interest Purchase Undertaking, the Keepwell and Liquidity Support Deed and the Bonds;

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

"**Guarantor Audited Financial Reports**" means the annual audited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of the Guarantor together with any statements, reports (including any Directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Guarantor Unaudited Financial Reports**" means the semi-annual unaudited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of the Guarantor;

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer, failing whom the Guarantor) and notified by the Issuer to the Trustee in writing;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

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

"**PRC**" means the People's Republic of China which, for the purposes of these Conditions, shall not include Hong Kong, Macau 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 Beijing;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities with a maturity of more than one year which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans);

"**Relevant Period**" means, in relation to each of the Company Audited Financial Reports and the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being December 31 of that financial year) and, in relation to each of the Company Unaudited Financial Reports and the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of each quarterly period (being June 30 of that financial year);

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

"**Trigger Notice**" means a notice to be given by the Trustee to the Issuer, the Guarantor and the Company substantially in the form set out in Schedule 1 of the Keepwell and Liquidity Support Deed.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 28 June 2016 at the rate of 4.90 per cent. per annum, payable semi-annually in arrear in equal instalments of US$24.50 per Calculation Amount (as defined below) on 28 June and 28 December in each year (each an "**Interest Payment Date**"), commencing on 28 December 2016.

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

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

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

Interest in respect of any Bond shall be calculated per US$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 REDEMPTION AND PURCHASE

(a) **Final Redemption**: Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 28 June 2019 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Tax Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (the "**BVI**"), Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 23 June 2016, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (i) a certificate signed by any one Director who is also an Authorised Signatory or another Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (ii) an opinion of legal counsel or a tax consultant, in either case, of recognised standing with respect to taxation matters of the BVI, Hong Kong or the PRC, as the case may be, stating that the requirement to pay such Additional Tax Amounts arises as a result of such change or amendment referred to above of this Condition 6(b). The Trustee shall be entitled (but shall not be obliged to) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b) above, in which event they shall be conclusive and binding on the Bondholders.

(c) **Redemption for Change of Control**: At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Change of Control Put Exercise Date at a price equal to 101 per cent. of their principal amount, together with accrued interest to but excluding the Change of Control Put Exercise Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Change of Control Put Exercise Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 6(c).

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

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

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

For the purposes of these Conditions:

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

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

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

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

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

(d) **Purchase**: The Company, the Guarantor, the Issuer and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Company, the Guarantor, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

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

7 PAYMENTS

(a) **Method of Payment**:

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

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in US dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank. In this Condition 7(a)(ii), "**business day**" means a day, other than a Saturday or Sunday, on which the Registrar is open for business in the place of its specified office.

(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 S.A./N.V., Clearstream Banking S.A. or any other clearing system, 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 December 25 and January 1.

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

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in US dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

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

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

(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) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of US dollars payments in New York City, Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor in respect of PRC tax at the rate of up to and including 10 per cent. the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of 10 per cent., or any Hong Kong or BVI deduction or withholding is required, in such event that the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the

Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

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

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

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

9 EVENTS OF DEFAULT

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

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

(b) **Breach of Other Obligations**: the Company, the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds, the Guarantee, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, the Trust Deed, (other than those referred to in Condition 9(a) or where such default gives rise to a redemption pursuant to Condition 6(c)) which default (i) is incapable of remedy, or (ii) being a default which is capable of remedy, remains unremedied for 30 days after written notice of such default is given to the Issuer, the Guarantor and Company by the Trustee; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Company, the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Company, the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds US$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

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

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

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

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

(h) **Nationalisation**: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor, the Company or any of their respective Principal Subsidiaries; or

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, the Company and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Guarantee, the Trust Deed, the Keepwell and Liquidity Support Deed (other than with regard to the performance and compliance with the obligations thereunder) and the Deed of Equity Interest Purchase Undertaking (other than with regard to the performance and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding or enforceable and (iii) to make the Bonds, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

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

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

(l) **Keepwell and Liquidity Support Deed and Deed of Equity Interest Purchase Undertaking**: the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is not or is claimed by the Company not to be enforceable, valid or in full force and effect, or the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is modified, amended or terminated other than strictly in accordance with its terms or these Conditions; or

(m) **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 Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Guarantor or the Company:

(a) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 5 per cent. of the consolidated gross revenue, consolidated net profit or, as the case may be, the consolidated gross assets of the Company and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest Audited Financial Reports of the Company, provided that:

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

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

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

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

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

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect 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 cancel or amend the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Guarantee in a manner that is in the opinion of the Trustee materially prejudicial to the interests of the Bondholders, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

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

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

13 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company, the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, the Bonds and the Guarantee, but it need not take any such proceedings unless (a) it shall have been so directed by an

Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Company, the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment, unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Company, the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Company, the Issuer or the Guarantor without accounting for any profit.

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

None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions from the Bondholders or in the event that no such directions are received.

The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any opinion or advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Company, the Guarantor and the Bondholders.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

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

So long as the Global Certificate is held on behalf of Euroclear Bank S.A./N.V. and Clearstream Banking S.A. any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank S.A./N.V. or Clearstream Banking S.A. 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.

17 CONTRACTS (RIGHT 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.

18 GOVERNING LAW AND JURISDICTION

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

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Guarantee, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Guarantee, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Trust Deed ("**Proceedings**") may be brought in the courts of Hong Kong. Pursuant to the Trust Deed, each of the Issuer, the Guarantor and the Company has irrevocably submitted to the jurisdiction of the courts of Hong Kong.

(c) **Agent for Service of Process**: Each of the Issuer and the Company has irrevocably agreed to receive service of process at the Guarantor's principal place of business at 13/F Gloucester Tower, The Landmark, 15 Queen's Road Central in Hong Kong.

(d) **Waiver of Immunity**

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

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

DESCRIPTION OF THE KEEPWELL AND LIQUIDITY SUPPORT DEED

The following contains summaries of certain key provisions of the Keepwell and Liquidity Support Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell and Liquidity Support Deed.

Under the Keepwell and Liquidity Support Deed, the Company will undertake with the Issuer, the Guarantor and the Trustee that it will (i) directly or indirectly own and hold all of the outstanding shares of each of the Issuer and the Guarantor and shall not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares unless required to dispose of any or all such shares pursuant to a court decree or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged; (ii) procure the Guarantor to directly and indirectly own and hold all the outstanding shares of the Issuer; and (iii) maintain the Guarantor as the primary overseas business development platform of the Company.

During the term of the Keepwell and Liquidity Support Deed, the Company will undertake that it shall cause (i) each of the Issuer and the Guarantor to have a Consolidated Net Worth (as defined in the Keepwell and Liquidity Support Deed) of at least US$1.00 or its equivalent at all times; (ii) each of the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts payable under or in respect of any of its indebtedness (including under the Bonds and the Guarantee in accordance with the Conditions and/ or the Trust Deed and otherwise under the Trust Deed); and (iii) each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

The Company will further undertake with the Trustee in the Keepwell and Liquidity Support Deed that for so long as the Bonds are outstanding:

(i) to procure that the articles of association of each of the Issuer and the Guarantor shall not be amended in a manner that is, directly or indirectly, adverse to holders of the Bonds;

(ii) not to amend its articles of association in a manner that is, directly or indirectly, materially adverse to the holders of the Bonds;

(iii) to cause each of the Issuer and the Guarantor to remain in full compliance with the Terms and Conditions, the Guarantee, the Trust Deed and all applicable rules and regulations in the BVI (in the case of the Issuer) and Hong Kong (in the case of the Guarantor);

(iv) promptly to take any and all action necessary to comply with its obligations under the Keepwell and Liquidity Support Deed; and

(v) to cause each of the Issuer and the Guarantor to take all action necessary in a timely manner to comply with its obligations under the Keepwell and Liquidity Support Deed.

The Company will undertake to the Trustee in the Keepwell and Liquidity Support Deed to, so long as any Bond remains outstanding, send to the Trustee:

(i) a Compliance Certificate (as defined in the Conditions) of the Company in English (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Company Audited Financial Reports (as defined in the Conditions) within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation services provider, together with a certificate signed by a Director of the Company who is also an Authorised Signatory (as defined in the Trust Deed) or another Authorised Signatory of the Company certifying that such translation is complete and accurate; and

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

provided that, if at any time the capital stock of the Company is listed for trading on a recognised stock exchange, the Company may furnish to the Trustee, as soon as they are available but in any event not more than 15 calendar days after any financial reports of the Company are filed with the exchange on which the Company's capital stock is at such time listed for trading, copies of any financial reports of the Company filed with such exchange and if such financial reports shall be in Chinese language, together with an English translation of the same translated by a nationally or internationally recognised firm of accountants or a professional translation services provider, in lieu of the documents identified in paragraphs (i) and (ii) above, certified as true and correct copies and such translations certified as complete and accurate by a Director of the Company who is also an Authorised Signatory or another Authorised Signatory of the Company.

The Company will undertake to the Trustee in the Keepwell and Liquidity Support Deed that at all times during the term of the Keepwell and Liquidity Support Deed that neither the Company nor any of its Subsidiaries (as defined in the Conditions) will create or permit to subsist any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Keepwell and Liquidity Support Deed) outside the PRC or to secure any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without at the same time or prior thereto securing the Bonds equally and rateably therewith.

Each of the Issuer, the Guarantor and the Company will undertake to promptly notify the Trustee in writing of the occurrence of any of the following events (each, a "**Triggering Event**"):

(i) an Event of Default;

(ii) the Issuer or the Guarantor fails to provide the Trustee with a Liquidity Notice (as defined in the Keepwell and Liquidity Support Deed) by the time on the Liquidity Notice Date (as defined in the Keepwell and Liquidity Support Deed) and otherwise in accordance with the requirements set out in the Keepwell and Liquidity Support Deed (a "**Liquidity Notice Failure Event**"); or

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

Under the Keepwell and Liquidity Support Deed, the Trustee will agree to promptly provide a Trigger Notice (as defined in the Keepwell and Liquidity Support Deed) to the Issuer, the Guarantor and the Company after:

(i) a Bondholder has notified it in writing that an Event of Default has occurred;

(ii) the Trustee has given notice to the Issuer and the Guarantor pursuant to Condition 9 that the Bonds are immediately due and payble;

(iii) a Liquidity Notice Failure Event has occurred; or

(iv) the Trustee has received a notice from the Issuer, the Guarantor or the Company pursuant to the paragraph above notifying the Trustee that a Triggering Event has occurred.

Notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Issuer, the Guarantor and the Company, the Company will agree to:

(i) as soon as practicable, establish and grant to the Issuer or the Guarantor, as the case may be, a standby facility (the "**Standby Facility**") pursuant to which the Company will remit an amount in RMB that can be converted by the Issuer or the Guarantor, as the case may be, into the Relevant Amount (as defined in the Keepwell and Liquidity Support Deed) (the "**RMB Amount**");

(ii) as soon as practicable open with a commercial bank a special RMB account for the transfer and remittance of the RMB Amount to the Issuer or the Guarantor, as the case may be, according to the relevant PRC laws and regulations;

(iii) remit the RMB Amount to a specified account of the Issuer or the Guarantor, as the case may be, in Hong Kong through the special RMB account (i) in the case of the occurrence of any event described in Clauses 8.1(ii) and 8.1(iii) of the Keepwell and Liquidity Support Deed at least two Facility Business Days (as defined in the Keepwell and Liquidity Support Deed) prior to the next Interest Payment Date (as defined in the Keepwell and Liquidity Support Deed) or (ii) in the case of the occurrence of any event described in Clause 8.1(i) of the Keepwell and Liquidity Support Deed as soon as practicable; and

(iv) cause the Issuer or the Guarantor, as the case may be, to use the RMB Amount to discharge its obligations under the Bonds, the Guarantee, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and the Keepwell and Liquidity Support Deed on the due date therefor,

provided that the Company's obligations under this paragraph will be subject to prevailing laws, regulations and government policies at such time and if required, the approvals from or registration with competent PRC government authorities.

Each of the Company, the Guarantor and the Issuer will agree and acknowledge that the terms of the Standby Facility shall be at arm's length (or more favourable to the Issuer or the Guarantor, as the case may be) and shall not require any security from the Issuer or the Guarantor. The Standby Facility is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, a guarantee by the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Guarantor under the laws of any jurisdiction.

Notwithstanding and in addition to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Issuer, the Guarantor and the Company, the Company will, subject to obtaining all necessary approvals, consents, licences, orders, permits and any other authorisations from the relevant Approval Authorities (as defined in the Keepwell and Liquidity Support Deed), including without limitation, NDRC, MOFCOM and SAFE (where applicable), invest (either by itself or through a Subsidiary of the Company as designated by it (the "**Designated Investor**")) (the "**Investment**") in the Issuer or the Guarantor, as the case may be (by equity investment or shareholders' loan or a combination thereof) at the Relevant Amount on the Investment Closing Date on the terms set out in this Deed and in the Investment Agreement, and the Company agrees that:

(i) within 20 Business Days (as defined in the Keepwell and Liquidity Support Deed) after the date of a Trigger Notice provided by the Trustee, the Issuer or the Guarantor, as the case may be, and the Company (or, as the case may be, the Designated Investor) shall execute an investment agreement (an "**Investment Agreement**") and all other application documents (including an Investment Agreement in the Chinese language and in such form as required by applicable laws and regulations) required by applicable laws and regulations of the PRC and shall file such agreements and/or documents as required by applicable laws and regulations with the relevant Approval Authorities (where applicable) in such sequence and timing as required by applicable laws, regulations and the relevant Approval Authorities, for approval of the Investment;

(ii) within 10 Business Days after the receipt of approvals from the relevant Approval Authorities (where applicable), the Company shall submit all application documents required by applicable laws and regulations of the PRC to SAFE for the investment of the Relevant Amount and the outbound remittance of the Relevant Amount (if applicable);

(iii) closing of such Investment shall take place on or prior to the fifth Business Day after the date of receipt of the approvals from SAFE (the "**Investment Closing Date**"), and on the Investment Closing Date the Company or the Designated Investor shall pay to or to the order of the Issuer or the Guarantor, as the case may be, the Relevant Amount payable in immediately available funds in US dollars to such account of the Issuer or the Guarantor, as the case may be, in Hong Kong as may be designated by the Issuer or the Guarantor, as the case may be, whereupon the Issuer or the Guarantor, as the case may be, shall take all actions necessary for the proceeds received in such Investment to be applied in and towards (a) the payment in accordance with the Keepwell and Liquidity Support Deed of any outstanding amounts as they fall due under the Keepwell and Liquidity Support Deed, the Bonds, the Guarantee and the Trust Deed (including any interest accrued but unpaid on the Bonds) if the Triggering Event is an Event of Default or the Trigger Notice is given after a Bondholder has notified the Trustee in writing of the occurrence of an Event of Default or after the Trustee has given notice to the Issuer and the Guarantor pursuant to Condition 9 that the Bonds are immediately due and payable or (b) the remedy of a Liquidity Notice Failure Event or a Shortfall Event if the Triggering Event is a Liquidity Notice Failure Event or a Shortfall Event, prior to any other use, disposal or transfer of the proceeds received,

provided that for the purpose of this paragraph, the Company may discharge its obligations either by itself or through the Designated Investor.

The Keepwell and Liquidity Support Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibilities, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Guarantor under the laws of any jurisdiction, including the PRC.

The Company will acknowledge in the Keepwell and Liquidity Support Deed that the Keepwell and Liquidity Support Deed is being entered into by the Trustee on behalf of the Trustee for itself and the Bondholders, and will agree that the provisions of the Keepwell and Liquidity Support Deed may be enforced by the Trustee in that capacity in accordance with the terms of the Trust Deed. The parties to the Keepwell and Liquidity Support Deed will acknowledge and agree that the Trustee has agreed to become a party to the Keepwell and Liquidity Support Deed solely for the purpose of taking the benefit of, and for agreeing amendments to, the Keepwell and Liquidity

Support Deed and shall not assume any obligations or liabilities whatsoever to the other parties to the Keepwell and Liquidity Support Deed by virtue of the provisions of the Keepwell and Liquidity Support Deed.

The Keepwell and Liquidity Support Deed and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Deed of Equity Interest Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Deed of Equity Interest Purchase Undertaking.

Under the Deed of Equity Interest Purchase Undertaking, the Company will agree that it shall, subject to obtaining all necessary approvals, consents, licences, orders, permits and any other authorisations from the relevant Approval Authorities (as defined in the Deed of Equity Interest Purchase Undertaking) and upon the receipt of a written Purchase Notice (as defined in the Deed of Equity Interest Purchase Undertaking) provided by the Trustee in accordance with the Trust Deed following receipt of written notice of the occurrence of an Event of Default under the Bonds, purchase (either by itself or through a PRC-incorporated Subsidiary of the Company as designated by it):

(i) the Equity Interest (as defined in the Deed of Equity Interest Purchase Undertaking) held by the Guarantor and/or any other Subsidiaries of the Company incorporated outside the PRC, as designated by the Company and notified in writing to the Trustee within 5 Business Days (as defined in the Deed of Equity Interest Purchase Undertaking) after the date of the Purchase Notice; or

(ii) in the absence of a designation and notification within 5 Business Days after the date of the Purchase Notice as provided in (i) above, the Equity Interest held by all the Subsidiaries of the Company incorporated outside the PRC,

in either such case at the Purchase Price (as defined in and determined under Clause 2.3 of the Deed of Equity Interest Purchase Undertaking) on the relevant Purchase Closing Date (as defined in the Deed of Equity Interest Purchase Undertaking) on the terms set out in the Deed of Equity Interest Purchase Undertaking and the Equity Interest Transfer Agreement (as defined in the Deed of Equity Interest Purchase Undertaking).

Under the Deed of Equity Interest Purchase Undertaking, the Company will agree that it shall determine, within 15 Business Days after the date of any Purchase Notice, (i) the purchase price of the Equity Interest(s) subject to the Purchase (as defined in the Deed of Equity Interest Purchase Undertaking) in accordance with any applicable PRC laws and regulations effective at the time of determination; and (ii) the other applicable terms relating to the Purchase, provided that the Purchase Price shall not be less than the aggregate of the following amounts (the "**Shortfall Amount**"):

(iii) the amount in US dollars sufficient to enable the Issuer and the Guarantor to discharge in full their respective obligations under the Bonds, the Guarantee and the Trust Deed (including without limitation the principal amount of the Bonds then outstanding as at the date of such Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Bonds up to but excluding the date of such Purchase Notice), plus

(iv) an amount equal to US$7,350,000, equivalent to the interest amount in respect of one interest period on the Bonds, plus

(v) an amount in US dollars sufficient to pay in full all fees, costs, expenses and other amounts payable in US dollars to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for fees, costs, expenses and all other amounts which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

The Company's determination of the Purchase Price in accordance with the Deed of Equity Interest Purchase Undertaking shall be final and binding on the parties save in the case of manifest error. Should the Company fail to make a determination of the Purchase Price within 10 Business Days after the date of the Purchase Notice, the Purchase Price shall be the Shortfall Amount unless the applicable PRC laws and regulations effective at the time of determination require that the Equity Interest(s) be purchased at a specified amount.

The Purchase obligation set out above shall be suspended if, prior to the relevant Purchase Closing Date, each of the Company and the Issuer receives a notice in writing from the Trustee stating that all of the respective payment obligations of the Issuer and the Guarantor under the Bonds, the Guarantee and the Trust Deed have been satisfied as at the date of that notice, or that the Event of Default leading to the service of the Purchase Notice has been waived by the Trustee in accordance with the terms of the Trust Deed.

Under the Deed of Equity Interest Purchase Undertaking, the Company will, and will procure each Relevant Transferor (as defined in the Deed of Equity Interest Purchase Undertaking) to, use their respective best efforts to do all such things and take all such actions (including any relevant internal and/or external approval, consent, authorisation, filing or registration) as may be necessary or desirable to (i) procure the completion of the Purchase on the relevant Purchase Closing Date (including providing information and applying with a view to obtaining Relevant Approvals (as defined in the Deed of Equity Interest Purchase Undertaking) as soon as reasonably practicable) as soon as possible after the date of the Purchase Notice; and (ii) procure the remittance of the sum of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

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

The Company will acknowledge in the Deed of Equity Interest Purchase Undertaking that the Deed of Equity Interest Purchase Undertaking is being entered into for the benefit of the Trustee on behalf of the Trustee for itself and the Bondholders and will agree that the provisions of the Deed of Equity Interest Purchase Undertaking may be enforced by the Trustee in that capacity. The parties to the Deed of Equity Interest Purchase Undertaking will acknowledge and agree that the Trustee has agreed to become a party to the Deed of Equity Interest Purchase Undertaking solely for the purpose of taking the benefit of, and for agreeing amendments to, the Deed of Equity Interest Purchase Undertaking and shall not assume any obligations or liabilities whatsoever to the other parties to the Deed of Equity Interest Purchase Undertaking by virtue of the provisions of the Deed of Equity Interest Purchase Undertaking.

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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

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

Payment

So long as the Bonds are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday inclusive) except 25 December and 1 January.

Trustee's Powers

In considering the interests of the Bondholders whilst 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) may consider such interests on the basis that such accountholders were the holder of the Bonds in respect of which such Global Certificate is issued.

Notices

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

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(c) 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 6(b) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that Condition.

Transfers

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

Cancellation

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

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 US$1,000 in principal amount of the Bonds held.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from this offering, after deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering, will be approximately US$292,000,000. The net proceeds will be used to replenish the Group's working capital and for general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Company

The following table sets forth the consolidated total borrowings (both current and non-current portions), total equity and total capitalisation of the Company as at 31 December 2015 and adjusted to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering:

	As of 31 December 2015			
	Actual	**Actual**	**As adjusted**	**As adjusted**
	(RMB'000)	*(US$'000)*[1]	*(RMB'000)*	*(US$'000)*[1]
Current debt:				
Current-portion of long-term borrowings[2]	13,081,454	2,019,429	13,081,454	2,019,429
Short-term borrowings[3]	4,341,420	670,200	4,341,420	670,200
Total current debt	17,422,874	2,689,629	17,422,874	2,689,629
Non-current debt:				
Long-term loans	24,581,104	3,794,669	24,581,104	3,794,669
Bonds payable	7,233,754	1,116,699	7,233,754	1,116,699
Bonds to be issued[4]	–	–	1,943,340	300,000
Total non-current debt	31,814,858	4,911,368	33,758,198	5,211,368
Total indebtedness[5]	49,237,732	7,600,997	51,181,072	7,900,997
Owner's equity	37,103,143	5,727,738	37,103,143	5,727,738
Total capitalisation[6]	86,340,875	13,328,735	88,284,215	13,628,735

Notes:

(1) US dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.4778 to US$1.00 on 31 December 2015 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Current portion of long-term borrowings represent the sum of long-term loans within one year and bonds payable within one year.

(3) Short-term borrowings represent the sum of short-term loans and short-term notes.

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

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

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

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Company since 31 December 2015.

DESCRIPTION OF THE ISSUER

FORMATION

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

BUSINESS ACTIVITY

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights and powers for the above purposes set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as an indirect and direct wholly-owned subsidiary of the Company and the Guarantor and those incidental to the issue of the Bonds.

FINANCIAL STATEMENTS

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

DIRECTORS AND OFFICERS

The sole director of the Issuer is Mr. Wang Wen and he does not hold any shares or options to acquire shares of the Issuer.

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

LEGAL PROCEEDINGS

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

DESCRIPTION OF THE GUARANTOR

OVERVIEW

The Guarantor was incorporated in Hong Kong under the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) (company number: 2377676) on 17 May 2016. The Guarantor's registered office is at 13/F Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong.

BUSINESS ACTIVITIES

The Guarantor is a direct and wholly-owned subsidiary of the Company. As at the date of this Offering Circular, the Guarantor does not carry on any business other than entering into an arrangement for the Guarantee. The Group may inject assets or further capital into the Guarantor depending on the Group's overall development and prevailing market conditions. As at the date of this Offering Circular, the Guarantor does not have any debt outstanding.

SOLE DIRECTOR

As at the date of this Offering Circular, the sole director of the Guarantor is Mr. Wang Wen. As at the date of this Offering Circular, the Guarantor does not have any employees.

SHARE CAPITAL

As at the date of this Offering Circular, the authorised share capital of the Guarantor is HK$10,000,000.00 divided into 10,000,000 ordinary shares, all of which remained unpaid. The register of members of the Guarantor is maintained at its registered office. None of the equity securities of the Guarantor was listed or dealt in any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

FINANCIAL INFORMATION

The Guarantor prepares audited financial statements on an annual basis with a financial year ended 31 December of each year. As at the date of this Offering Circular, the Guarantor has not published any financial statements as the first financial year of the Guarantor has not been concluded.

LEGAL PROCEEDINGS

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

DESCRIPTION OF THE GROUP

Figures in the "Description of the Group" section for "total gross profit" and "gross profit" have been calculated on the basis of, but are independent metrics prepared by management of the Company, and no equivalent number appears in the Figures in this Offering Circular for "total gross profit" and "gross profit" have been calculated on the basis of, but are independent metrics prepared by management of the Company, and no equivalent number appears in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 included in this Offering Circular or the summary financial information in "Summary Financial Information of the Company". The Group presents a number of figures in its audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 for profitability, including operating profit, profit before tax and net profit. However, such figures each deduct certain costs (such as business taxes and surcharges and general and administrative expenses) which are not allocated to any particular business segment.

In order to allow for an analysis of each business segment's contribution to the Group's "total gross profit" and a comparison of each business segment's "gross profit", figures for "cost" for a particular period have been deducted from "operating revenue" for the corresponding period to calculate "total gross profit" of the Group and "gross profit" for each business segment. Figures for "cost" and "operating revenue" are presented in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015 at the Group and business segment levels. However, "total gross profit" and "gross profit" have been calculated for convenience purposes only and have not been audited or reviewed, and there can be no assurance that any such calculations are accurate or appropriate. In particular, as "total gross profit" and "gross profit" do not deduct a number of significant costs (such as business taxes and surcharges and general and administrative expenses), such figures should not be taken as measures of overall profitability of the Group or a particular business segment and should not be confused with "operating profit", "profit before tax" and "net profit" which are figures appearing in the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015. See Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively, for details with respect to the Group's operating revenue and cost.

OVERVIEW

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

Zhenjiang is an important port and industrial city located in the Yangtze River Delta and is also situated within the scope of the Shanghai Economic Circle and the Nanjing Metropolitan Circle. Being the third largest port along the Yangtze River and connecting to the Beijing-Shanghai, Shanghai-Ningbo and Ningbo-Hangzhou high speed railways, Zhenjiang is an important transportation hub. The superior geographic location and convenient land and water transportation provide a solid foundation for the economic development of Zhenjiang. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang has recorded an annual GDP of RMB350.25 billion in 2015, representing an annual compound growth rate of 13.1 per cent. compared to RMB167.2

billion in 2009, and a total fixed asset investment of RMB214.2 billion in 2015, increased by 22.2 per cent. compared to RMB175.3 billion in 2014. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang has recorded a GDP per capita of RMB110,351 in 2015. Zhenjiang New Zone is located in the eastern suburbs of Zhenjiang and is one of the most important areas in Zhenjiang's development blueprints. It was established in 1998 through a merger between the Zhenjiang Economic Development Zone (鎮江經濟開發區) and the Zhenjiang Dagang Economic Development Zone (鎮江大港經濟開發區), and became a national-level economic and technological development area in April 2010. Zhenjiang New Zone is the only riverside national-level development zone in the southern part of Jiangsu Province and is also a key advanced manufacturing base in the Yangtze River Delta. According to the Zhenjiang New Zone Statistics Bureau, Zhenjiang New Zone has recorded an annual GDP of RMB55.1 billion in 2015, representing an annual compound growth rate of 17.3 per cent. compared to RMB21.3 billion in 2009. Going forward, the development of Zhenjiang New Zone will continue to be a key focus of Zhenjiang.

The Group has been focusing on its infrastructure construction and real estate development businesses and has developed a diversified business portfolio. The Group's operations and investment primarily focus on three business segments, namely (i) infrastructure construction; (ii) real estate development; and (iii) miscellaneous. Set forth below is an overview of the business segments of the Group:

- *Infrastructure Construction.* The Group is the largest and primary entity in carrying out infrastructure construction in Zhenjiang New Zone. The Group is engaged by the Zhenjiang New Zone Management Committee to undertake infrastructure construction projects within Zhenjiang New Zone, such as construction of roads, standard factory buildings and other public facilities. In recent years, the Group has completed numerous large-scale infrastructure construction projects, such as the Zhenda Road Widening, Modification and Drainage System Construction Project (鎮大公路拓寬改造及排水工程), Wufengshan Road Construction Project (五峰山路道路工程), Gangnan Road Widening and Modification Project (港南路拓寬改造). During the three years ended 31 December 2015, the Group had undertaken 193 infrastructure construction projects, among which 181 projects were completed and these completed projects had a total investment amount of approximately RMB10.6 billion and generated operating revenue of RMB12.9 billion. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's infrastructure construction business was RMB5,299.9 million, RMB4,482.1 million and RMB3,080.7 million, respectively, representing 56.0 per cent., 63.2 per cent. and 43.5 per cent., respectively, of the Group's operating revenue for the same period.

- *Real Estate Development.* The Group's real estate development business includes affordable housing (保障性住房) development, commercial housing (商品房) development and commercial real estate (商業地產) development. The Group has been undertaking the construction and development of affordable housing, including relocation housing (拆遷安置房), public-rental housing (公租房) and subsidised housing (經濟適用房) and the redevelopment of shanty areas (棚戶區改造), in Zhenjiang since 2006. The Group is engaged by the Zhenjiang New Zone Management Committee to undertake the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. From 2013 to 2015, the Group had undertaken more than 30 per cent. of the affordable housing development projects in Zhenjiang. During the three years ended 31 December 2015, the Group had completed 14,691 units of affordable housing development with a total GFA of approximately 1,773,000 sq.m. and a total investment of approximately RMB4,309 million. For the year ended 31 December 2015, the Group's commercial housing and commercial real estate development business had completed three projects and generated operating revenue of RMB345.7 million. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's real estate development business was RMB3,243.7 million, RMB1,467.5 million and RMB3,132.5 million, respectively, representing 34.3 per cent., 20.7 per cent. and 44.2 per cent., respectively, of the Group's operating revenue for the same period.

- *Miscellaneous*. Apart from the above two main businesses, the Group has also engaged in other businesses, ranging from manufacturing, logistics to trading and others and other business. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's miscellaneous businesses was RMB920.5 million, RMB1,145.4 million and RMB869.0 million, respectively, representing 9.7 per cent., 16.1 per cent. and 12.3 per cent. of the Group's operating revenue for the same period.

For the years ended 31 December 2013, 2014 and 2015, the Group's operating revenue was RMB9,464.1 million, RMB7,095.0 million and RMB7,082.2 million, respectively, and its total gross profit was RMB1,624.7 million, RMB1,169.3 million and RMB916.1 million, respectively.

COMPETITIVE STRENGTHS

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

Sole investment and financing platform of Zhenjiang New Zone focusing on infrastructure construction and municipal development

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

- *Increasing urbanisation and development city infrastructure.* In accordance with the Zhenjiang New Zone Government's fixed assets investment plan, the Group is engaged by the Zhenjiang New Zone Management Committee to undertake infrastructure construction projects within Zhenjiang New Zone, such as construction of roads, standard factory buildings and other public facilities, to promote the development of public facilities and other municipal infrastructure and accelerate urbanisation in Zhenjiang New Zone. During the three years ended 31 December 2015, the Group had undertaken 193 infrastructure construction projects, among which 181 projects were completed.

- *Improving the housing conditions of low-income households.* As one of the key players in the construction and development of affordable housing in Zhenjiang, the Group undertakes such construction and development with the aim of improving the living conditions of households with low incomes. During the three years ended 31 December 2013, 2014 and 2015, the Group had completed 14,691 units of affordable housing development with a total GFA of approximately 1,773,000 sq.m. and a total investment of approximately RMB4,309 million. As at 31 December 2015, the Group had 12 ongoing affordable housing development projects with a total planned GFA of approximately 2,354,100 sq.m.

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

As a wholly-owned investment and financing platform of the Zhenjiang SASAC, the Group has received strong support from the local government, which is critical for the Group to carry out large-scale and capital-intensive projects. The support from the local government primarily includes:

- *Financial support.* Since its establishment in 1993, the Group has received financial support in different forms from the Zhenjiang Municipal Government, the Zhenjiang SASAC and the Zhenjiang New Zone Management Committee to support the Group's operations and development, such as capital injections, the return of land grant fees, governmental grants and subsidies and debt repayment. The Zhenjiang New Zone Management Committee has increased the registered capital of the Group on many occasions since the establishment of the Group. The Zhenjiang New Zone Management Committee injected cash as equity into the Company in the amount of RMB140 million and RMB170 million in 2006 and 2008, respectively, increasing the Company's registered capital to RMB380 million. In 2010, the Zhenjiang SASAC increased the registered capital of Group by RMB800 million by converting retained earnings into capital. The Zhenjiang SASAC further injected cash as equity into the Company in the amount of RMB820 million and RMB2,500 million in 2012 and 2013, respectively. As at 31 December 2015, the Company's registered capital amounted to RMB5,000 million. The Zhenjiang Municipal Government also provided financial support to the Group by returning land grant fees to supplement the Group's capital reserves. As at 31 December 2015, the returned land grant fees by the Zhenjiang Municipal Government to the Group amounted to RMB14,094.3 million in total. Furthermore, in order to support the Group's operation and business development, the Zhenjiang Municipal Government continuously increased its government grant and subsidies to the Group. For the years ended 31 December 2013, 2014 and 2015, the Group received government grant and subsidies from the Zhenjiang Municipal Government in the amount of RMB390.4 million, RMB589.5 million and RMB545.9 million, respectively. In addition, part of the Group's borrowings have been recognised as government debts and are promised to be repaid or guaranteed by the local government. As at 31 December 2015, the Group's borrowings in the total amount of RMB9,778 million had been recognised as government debts. *See "Risk Factors – Risks Relating to the Group's Business – PRC regulation on the administration of financing platform of local governments will have a material impact on the Group's business model and sources of financing*."

- *Resources consolidation and asset injection.* With the approval and under the guidance of the Zhenjiang Municipal Government, the Company's predecessor, Zhenjiang City Dagang Development and Construction Corporation (鎮江市大港開發建設總公司), merged with Zhenjiang New Zone Dingmao Economic Development Corporation (鎮江新區丁卯經濟開發總公司) and Zhenjiang New Zone Chemical Development Corporation (鎮江新區化工開發總公司) in 2003 in order to consolidate quality resources and expand the Group's scale. After the merger, the Group established its leading position in the infrastructure construction and municipal development in Zhenjiang New Zone.

- *Preferential tax treatment.* The Zhenjiang Municipal Governments provides financial support to the Group in the form of tax returns from time to time.

Diversified business portfolio with synergy between different business segments

The Group's business and investments mainly focus on a number of areas relating to city development and municipal construction, including infrastructure construction and affordable housing development. Meanwhile, the Group believes that a diversified business portfolio would create synergy and benefit the Group's business and investments in city planning and development. In May 2016, the Group, through its subsidiary, Jiangsu Dagang Co., Ltd. (江蘇大港股份公司), completed the acquisition of 100 per cent. shares of Zhenjiang Aike Semiconductor Co., Ltd. (鎮江艾科半導體), which mainly conducted the production and distribution of silicon chips and solar modules, engineering construction, allowing the Group to expand its business to high-end manufacturing market. The Group has also expanded its business into trading, services and other areas in the recent years to create a synergy effect for its infrastructure construction and real estate development businesses. The Group believes that its diversified business portfolio will enable the Group to obtain commercial opportunities through various stages of municipal development, minimise the risk of relying on a single business segment, and obtain more stable financial returns.

Sufficient capital from diversified financing channels

The Group has access to diversified financing channels to fund its project development, such as bank loans, issuance of debt securities in the PRC domestic capital markets, trust financing, asset management products and financial leasing. The Group has cultivated close and extensive relationships with a number of reputable commercial banks, trust companies and other financial institutions in China, which have provided a solid foundation for obtaining low-cost capital for the Group. In addition, the Group issued corporate bonds, short-term commercial papers and medium term notes to raise funds for its working capital. As at 31 December 2015, the Group had interest-bearing indebtedness in the amount of approximately RMB53.8 billion, including loans from trust companies of approximately RMB11.2 billion, outstanding bonds of RMB10.5 billion and bank borrowings of RMB21.1 billion. As at 31 December 2015, the Group had total credit facilities of RMB12.8 billion, of which approximately RMB1.3 billion had not been utilised. The Group has been exploring other channels for low-cost capital to further enhance its diversified financing structure, such as issuing bonds in the international capital markets. With its diverse sources of funding, the Group believes that it will continue to have access to sufficient capital to support its business operations and expansion.

Experienced management team with sound corporate governance

The Company has established a sound and effective corporate governance structure which is in line with modern corporate governance practice. Its corporate governance system covers various aspects of the Group's daily operations, such as safety, risk management and capital management. The Company has set up nine departments (namely the General Office, Operation and Development Department, Planning and Finance Department, Financing Department, Investment Department, Asset Management Department, Legal Compliance and Audit Department, Discipline Inspection and Supervision Department and Safe Production and Supervision Department) to oversee different aspects of the Group's daily operations.

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

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

Business Strategies

The Group aims to maintain its leading position in implementing Zhenjiang New Zone's blueprint of urban planning, municipal construction and rural development. The Group's goal is to grow its assets base, optimise its capital structure and enhance its operational efficiency. The Group intends to focus on the following business strategies:

Leveraging on the State's strategy of integration of the Yangtze River Delta cities to further promote the development and construction of Zhenjiang

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

Continue to actively focus on infrastructure construction in Zhenjiang New Zone

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

Continue to undertake affordable housing development projects in Zhenjiang New Zone

The Group intends to continue to undertake the development of affordable housing projects Zhenjiang New Zone. In recent years, the PRC government has on many occasions emphasised the priority and importance of developing affordable housing and improving housing conditions for low-income households. The Group believes that the demand for housing, especially from low-income people, will remain strong. As a key developer and supplier of affordable housing in

Zhenjiang New Zone, the Group will strive to undertake affordable housing projects, particularly large scale projects, by taking advantage of its proven track record, strong financial position and extensive experience in property development.

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

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

Adhere to prudent risk management system and strict risk control measures

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

- Implementing stringent financial reporting and controlling systems with the focus on centralised management in order to ensure strict compliance with the applicable laws and regulations;

- Establishing standard fund management mechanisms to monitor the fund usage and its efficiency and to prevent the risk of fund application, thus increasing the overall management efficiency; and

- Maintaining prudent investment policies to achieve balance between assets and liabilities, between investment returns and risks undertaking, and between core business and non-core businesses.

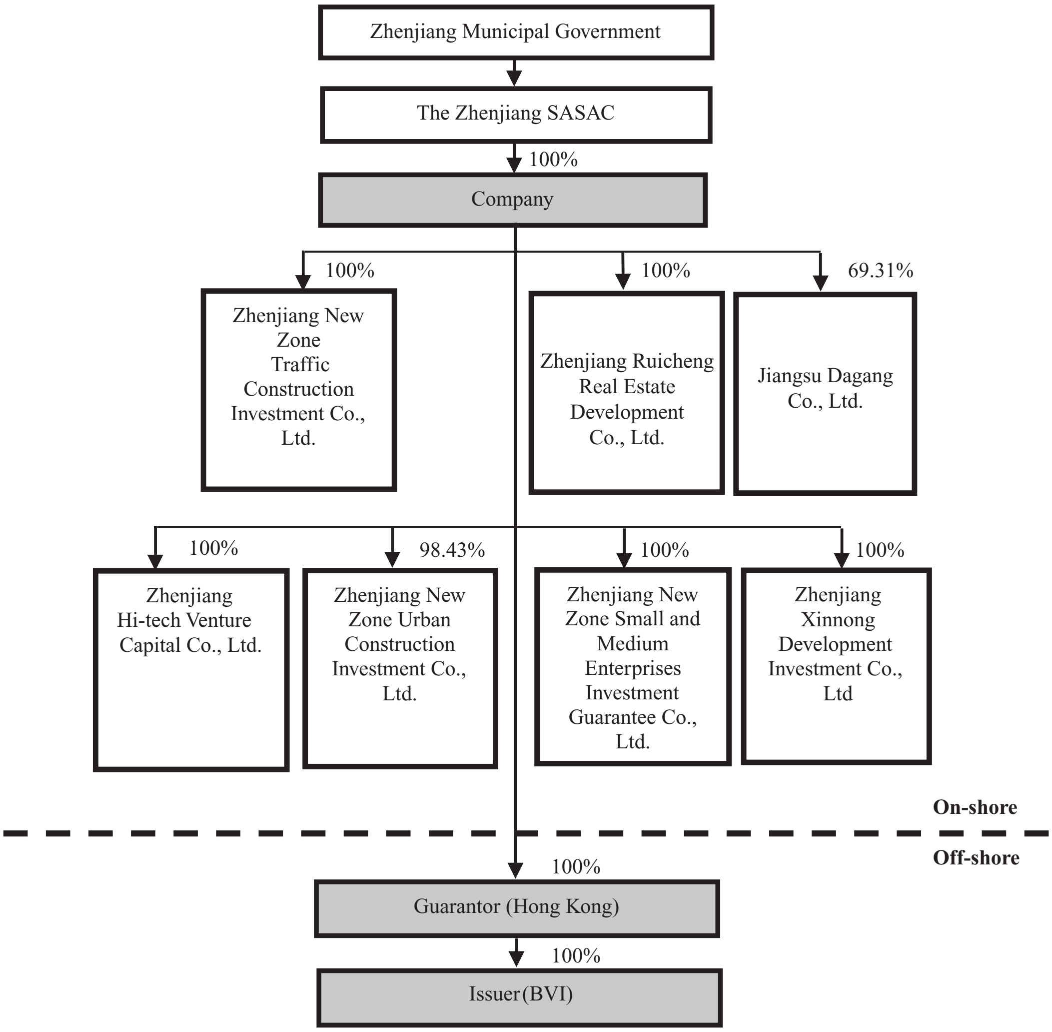
The Group strives to prudently manage its finances while fulfilling investment and development needs to drive its profitability.

Continue to develop diversified financing channels

The Group has been financing its business development through traditional financing channels, such as bank loans, the issuance of bonds and trust products in the PRC domestic capital market, as well as financial leasing. The Group strives to explore and employ new financing channels, such as conducting bond issuances in international capital markets or establishing specialist funds. In addition, the Group is seeking to build and reinforce close cooperative relationships with financial institutions to secure funding on more favourable terms to better support the Group's financing needs for development and maintain a reasonable and balanced debt structure.

GROUP STRUCTURE

The following chart presents a simplified structure of the Group and the shareholding of the Company as of 31 December 2015:



HISTORY AND DEVELOPMENT

The Company was formerly known as Zhenjiang City Dagang Development and Construction Corporation（鎮江市大港開發建設總公司）and was founded in 1993. In August 2003, the Company merged with Zhenjiang New Zone Dingmao Economic Development Corporation（鎮江新區丁卯經濟開發總公司）and Zhenjiang New Zone Chemical Development Corporation（鎮江新區化工開發總公司）. The Company is 100 per cent. owned by the Zhenjiang SASAC. As of 31 December 2015, the Company had registered capital of RMB5 billion, total assets of RMB100.2 billion and net assets of RMB37.1 billion.

1993	In May 1993, Zhenjiang City Dagang Development and Construction Corporation, the predecessor of the Company, was established by the Zhenjiang Dagang Economic and Technological Development Zone Management Committee（鎮江市大港經濟技術開發區管理委員會）with an initial registered capital of RMB3 million.
1999	In August 1999, Zhenjiang Municipal Government changed the name of the Zhenjiang City Dagang Development and Construction Corporation to Zhenjiang New Zone State-owned Asset Management Company（鎮江新區國有資產經營管理公司）and increased its registered capital to RMB10 million. The Company was directly owned by the Zhenjiang New Zone Management Committee.
2000	In April 2000, Jiangsu Dagang Co., Ltd.（江蘇大港股份有限公司）was established and it has been listed on the Shenzhen Stock Exchange with a stock code of 002077 since 16 November 2006. Its business scope includes industrial park development, infrastructure construction, industrial factory building construction and operation, real estate development, warehousing and industrial investment. The Company owns 69.3 per cent. of the equity of Jiangsu Dagang Co., Ltd.
2003	In August 2003, under the direction of the Zhenjiang Municipal Government, Zhenjiang New Zone State-owned Asset Management Company merged with Zhenjiang New Zone Dingmao Economic Development Corporation（鎮江新區丁卯經濟開發總公司）and Zhenjiang New Zone Chemical Development Corporation（鎮江新區化工開發總公司）and changed its name to Zhenjiang New Zone Economic Development Corporation（鎮江新區經濟開發總公司）. Its registered capital was increased to RMB70 million.
2006	In July 2006, the registered capital of Zhenjiang New Zone Economic Development Corporation was increased to RMB210 million.
2008	In December 2008, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB380 million.
2009	In July 2009, Zhenjiang Xinnong Development Investment Co., Ltd.（鎮江新農發展投資有限公司）, Zhenjiang New Zone Hi-tech Industries Investment Co., Ltd.（鎮江新區高新技術產業投資有限公司）and Zhenjiang New Zone Traffic Construction Investment Co., Ltd.（鎮江新區交通建設投資有限公司）were established. The Company directly owns 100 per cent. of the equity of each of them, respectively.

	In December 2009, the Company issued corporate bonds in the principal amount of RMB1,400 million in China with a rating of "AA" assigned by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
2010	In August 2010, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB1.18 billion.
2012	In March 2012, the registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB2 billion.
2013	The registered capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB3.5 billion in July 2013 and to RMB5 billion (with paid-up capital of RMB4.5 billion) in December 2013.
2014	The paid-up capital of Zhenjiang New Zone Economic Development Corporation was further increased to RMB4.81 billion.
2015	In April 2015, Zhenjiang New Zone Economic Development Corporation changed its enterprise nature from an enterprise-owned-by-the-whole-people to a wholly state-owned company, and changed its name to Jiangsu Hanrui Investment Holdings Co., Ltd. (江蘇瀚瑞投資控股有限公司). As at 31 December 2015, the paid-up capital of the Company had been increased to RMB5 billion.

Zhenjiang and Zhenjiang New Zone

Zhenjiang is located in the southwest part of Jiangsu Province on the south bank of the Yangtze River, downstream, with an area of approximately 3,847 square kilometres and a total population of approximately 2.7 million. Situated at the intersection of the Yangtze River and the Beijing-Hangzhou Grand Canal, which is called the "Golden Cross Waterway", Zhejiang port is the third largest port along the Yangtze River with a throughput of over 110 million tonnes per year. Zhenjiang is also one of the core cities in the Nanjing metropolitan circle. As an emerging industrial city, Zhenjiang has two national-level development zones, six provincial-level development zones, five national-level high-tech industrial bases and one provincial-level high-tech zone. The Yangtze River Delta region, with Shanghai as the leading city, has one of the most dynamic regional economies in China. As an important industrial city in the Yangtze River Delta region, Zhenjiang has experienced rapid economic and social development in recent years and its comprehensive strength has increased remarkably. With a dynamic regional economy and strong financial strength, Zhenjiang has a solid foundation to further increase its investment in urban infrastructure construction. According to the Zhenjiang Municipal Statistics Bureau, Zhenjiang has recorded an annual GDP of RMB350.25 billion in 2015, representing an annual compound growth rate of 13.1 per cent. compared to RMB167.2 billion in 2009, and a total fixed asset investment of RMB214.2 billion in 2015, increased by 22.2 per cent. compared to RMB175.3 billion in 2014.

Zhenjiang New Zone is located in the eastern suburbs of Zhenjiang and it is the only national-level riverside development zone in southern Jiangsu Province. Zhenjiang New Zone is situated at the connecting point of the "T" type industrial layout in China's southeastern coastal areas and is well positioned at the intersection of the Yangtze River and the Beijing-Hangzhou Grand Canal. It is also within the scope of both the Shanghai Economic Circle and the Nanjing Metropolitan Circle and enjoys the benefits from the near-by cities and harbour. Dagang Port Area of Zhenjiang Port, a good deep water harbour, is located in Zhenjiang New Zone. With a throughput of over 26 million tonnes per year, Dagang Port Area has 15 deep-water berths for vessels up to 25,000 tonnes and one container terminal. The convenient geographical position and well developed supporting infrastructure provide unique advantages for the development of Zhenjiang New Zone. Being adjacent to a national-level export processing zone and connected to the Shanghai-Nanjing expressway and railway, Zhenjiang New Zone also has the advantages of comprehensive, multi-level and multi-form transportation, including waterage, maritime transport, rail transport, highway transport and air transport and is one of the most important areas in Jiangsu Province's and Zhenjiang's development blueprints. Leveraging on the dynamic regional economy in Zhenjiang and convenient transportation, Zhenjiang New Zone attracts more and more enterprises to set up facilities, branches or offices. The rapid growth of Zhenjiang New Zone is expected to drive rapid land development and infrastructure construction in this area. In 2011, Zhenjiang New Zone was elected as the top 18 national economic and technology development zones in terms of the comprehensive investment environment evaluation index by MOFCOM. According to the Zhenjiang New Zone Statistics Bureau, Zhenjiang New Zone has recorded an annual GDP of RMB55.1 billion in 2015, representing an annual compound growth rate of 17.3 per cent. compared to RMB21.3 billion in 2009. Going forward, the development of Zhenjiang New Zone will continue to be a key focus of Zhenjiang.

DESCRIPTION OF THE GROUP'S BUSINESSES

Overview

The Group is the sole investment and financing platform of Zhenjiang New Zone in infrastructure construction and municipal development. It focuses on urban infrastructure construction and affordable housing development in Zhenjiang New Zone and is the designated entity to carry out the Zhenjiang Municipal Government's blueprint for the infrastructure construction and municipal development in Zhenjiang New Zone. The Group's operations and investment primarily focus on three business segments, namely (i) infrastructure construction; (ii) real estate development; and (iii) miscellaneous.

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

	Year ended 31 December					
	2013		2014		2015	
Business segment	*Amount (RMB in millions)*	*% of total*	*Amount (RMB in millions)*	*% of total*	*Amount (RMB in millions)*	*% of total*
Infrastructure construction..........	5,299.9	56.0	4,482.1	63.2	3,080.7	43.5
Real estate development.........	3,243.7	34.3	1,467.5	20.7	3,132.5	44.2
Miscellaneous[1].........	920.5	9.7	1,145.4	16.1	869.0	12.3
Total.......................	9,464.1	100.0	7,095.0	100.0	7,082.2	100.0

1 "Operating revenue" for the Group's miscellaneous business is the aggregate of the operating revenue from the manufacturing, logistics, trading and others and other business segments in Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively.

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

	Year ended 31 December					
	2013		2014		2015	
Business segment	*Amount (RMB in millions)*	*% of total*	*Amount (RMB in millions)*	*% of total*	*Amount (RMB in millions)*	*% of total*
Infrastructure construction..........	902.3	55.5	770.9	65.9	537.1	58.6
Real estate development.........	591.0	36.4	350.3	30.0	445.7	48.7
Miscellaneous[1].........	131.4	8.1	48.1	4.1	(66.7)	(7.3)
Total.......................	1,624.7	100.0	1,169.3	100.0	916.1	100.0

Infrastructure Construction

Overview

The Group is the largest and primary entity in carrying out infrastructure construction in Zhenjiang New Zone. The Group mainly undertakes infrastructure construction projects for the Zhenjiang Municipal Government within Zhenjiang New Zone, such as construction of roads, standard factory buildings and other public facilities. The Group also undertakes a small amount of non-government invested infrastructure construction projects, such as construction of factory buildings for mining companies, commercial real estate or hydropower plants. The Group mainly conducts its infrastructure construction business through two subsidiaries, namely Zhenjiang New Zone Urban Construction and Investment Co., Ltd.（鎮江新區城市建設投資有限公司）and Zhenjiang New Zone Communications Construction and Investment Co., Ltd.（鎮江新區交通建設投資有限公司）. During the three years ended 31 December 2015, the Group had undertaken 193 infrastructure construction projects, among which 181 projects were completed and these completed projects had a total investment amount of approximately RMB10.6 billion and generated operating revenue of RMB12.9 billion. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's infrastructure construction business was RMB5,299.9 million, RMB4,482.1 million and RMB3,080.7 million, respectively, representing 56.0 per cent., 63.2 per cent. and 43.5 per cent., respectively, of the Group's operating revenue. For the years ended 31 December 2013, 2014 and 2015, gross profit generated from the Group's infrastructure construction business was RMB902.3 million, RMB770.9 million and RMB537.1 million, respectively, accounting for 55.5 per cent., 65.9 per cent. and 58.6 per cent., respectively of the Group's total gross profits.

[1] "Gross profit" for the Group's miscellaneous business is the aggregate of the operating revenue from, less the costs of the manufacturing, logistics, trading and others and other business segments in Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively.

Business Model

The Group conducts its infrastructure construction business on an agent construction basis. The Zhenjiang New Zone Management Committee enters into a framework agent construction agreement (the "**Agent Construction Agreement**") with the Group annually in accordance with the fix-assets investment plans of the Zhenjiang New Zone Government. The Agent Construction Agreement sets out that the Group is primarily responsible for the construction of municipal infrastructure such as roads, standard factory buildings and other public facilities within Zhenjiang New Zone. The Zhenjiang New Zone Management Committee will, at the early stage of a project and in accordance with the project's progression, allocate government financial subsidies to the Group, normally in an amount of 30 per cent. of the total investment of the project. Pursuant to the Agent Construction Agreement, the Group is responsible for management of the specific construction works and raising the rest of the funds for the project.

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

As of 31 December 2015, the Zhenjiang New Zone Management Committee had allocated all the relevant government subsidies and made all the relevant payments in accordance with the relevant Agent Construction Agreement and Instalment Payment Agreement for each of its infrastructure construction project with the Group.

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

Project Descriptions

Completed projects

As at 31 December 2015, 44 of the Group's completed infrastructure construction projects have not been fully paid. The total investment of those 44 infrastructure construction projects amounted to approximately RMB13,229 million. As at 31 December 2015, the Group had received payments for these 44 infrastructure construction projects totalling approximately RMB8,134 million, which represented approximately 51.1 per cent. of the total amount receivable for those projects. The Group expects to receive the outstanding payments in the amount of approximately RMB7,785 million in five years according to the relevant payment arrangement. The particulars of those projects are set forth below:

Project	Total Investment	Total Amount Receivable	2015	Payment Arrangement 2016	2017	2018	2019	2020
				(RMB in millions)				
Provincial Road 238 (Chuishan Road – Yangzhong Bridge) Project (238省道(圌山路－揚中大橋)項目)	840	1,011	780	150	81	–	–	–
Yaoqiao Road (National Road S338 – Vessel and Industrial Park Road) Project (姚橋路(S338國道－船舶工業園路)項目)	520	626	460	50	50	66	–	–
Xinggang Road Reconstruction (Yaoda Road – West Riverside Road) Project (興港路改造(姚大公路－臨江西路)建設項目)	416	501	400	50	51	–	–	–
Zhenjiang New Zone Road Network Comprehensive Reconstruction Project (鎮江新區路網綜合改造工程建設項目)	523	629	440	60	60	69	–	–
Geological Environment Treatment and Eco-Environment Restoration for Abandoned Mines Project (關閉礦區地質環境治理及生態環境恢復工程項目)	1,698	2,043	1,135	200	200	200	200	108
Zhenjiang New Zone Weijiawan and ZhangXu Village Infrastructure Construction Project (鎮江新區韋家灣及張許村地塊基礎設施建設項目)	890	1,071	504	150	150	150	117	–
Weijia Bay Urban Renewal Project (韋家灣舊城改造項目)	154	185	137	48	–	–	–	–
Hainan Road Widening (Tonggang Road – County Road 105) Project (港南路拓寬改造工程(通港路－105縣道)道路工程)	279	336	200	50	86	–	–	–
Jing Twelfth Road (Dingmao Bridge Road to Nanwei Road No.7) Reconstruction Project (經十二路(丁卯橋路至南緯七路)改造工程)	210	253	126	50	50	27	–	–
"Million Hectares of Fertile Farmland" Project Phase I ("萬頃良田"一期工程)	964	1,160	506	150	150	150	150	54
Dinggang Small and Medium-sized Enterprise Park Ancillary Facilities Construction Project (丁崗中小企業園配套項目)	103	124	65	59	–	–	–	–
Zhenjiang New Zone Dagang Secondary School Extension Project (鎮江新區大港中學擴建工程項目)	609	733	204	150	150	150	79	–
Zhenjiang New Zone Dagang Secondary School North Campus Project (鎮江新區大港中學北校區)	170	205	84	50	71	–	–	–

Project	Total Investment	Total Amount Receivable	2015	Payment Arrangement 2016	2017	2018	2019	2020
				(RMB in millions)				
Zhenjiang New Zone Kunshan River Treatment Project (新區捆山河河道整治工程項目)	167	201	145	56	–	–	–	–
Changtai Freeway landscape Project (常態高速公路沿線景觀)	150	180	116	64	–	–	–	–
Dalu Nine-year Education Schools Extension Project (大路九年一貫制學校改擴建工程)	96	116	64	52	–	–	–	–
Southern Lake of Eco Lake Project (生態湖南湖項目)	230	277	150	100	27	–	–	–
Rui Lake Project (瑞湖項目)	150	180	85	50	45	–	–	–
Yaoqiao Primary School Construction Project (姚橋小學新建工程)	79	95	65	30	–	–	–	–
Zhenjiang New Zone Primary and Secondary School Dormitory Safety Project (鎮江新區中小學校舍安全工程項目)	85	102	53	49	–	–	–	–
Forestry Infrastructure Construction Project (林業基礎設施建設項目)	85	102	52	50	–	–	–	–
Guyang Road Reconstruction (Railway – Ancient Canal) Project (谷陽路改造(鐵路－古運河)工程)	80	96	51	45	–	–	–	–
Beishayao River Improvement Project (北沙腰河改造工程)	94	113	75	38	–	–	–	–
Dingmao Hospital Project (丁卯醫院工程)	240	289	120	100	69	–	–	–
Core Hunan Lake Construction Project (核心湖南湖建設工程)	120	144	55	50	39	–	–	–
Gangnan Road Reconstruction Project (港南路改造)	210	253	115	100	38	–	–	–
Pingchang Road (Tonggang Road – Gangzhong road) Project (平昌路(通港路－港中路))	230	277	130	100	47	–	–	–
Dalu and Yaoqiao Yangtze River Embankment Standardisation Project (大路、姚橋長江堤防達標工程)	800	963	350	200	200	213	–	–
Zhenjiang New Zone Education Centre Project (新區教育培訓中心)	250	301	100	100	101	–	–	–
Pingchang Road (Beishan Road – Gangzhong Road) Project (平昌路(北山路－港中路)道路工程)								
Pingchang Road (Gangzhong Road – Wufengshan Road) Project (平昌路(港中路－五峰山路)道路工程)								
Pingchang Road (Hengshan Road – Wufengshan Road) Project (平昌路(橫山路至五峰山路路段)道路工程)項目	340	409	275	100	34	–	–	–
Zhenjiang Chuishan Flower Park Project (鎮江圌山花卉公園)	140	168	51	50	67	–	–	–
Citizen Service Centre Project (市民服務中心)	210	253	100	100	53	–	–	–
Chuishan Scenic Spot Construction Project (圌山風景區建設工程)	170	205	100	105	–	–	–	–
Zhenjiang New Zone Dalu Airport Express Construction Project (鎮江新區大路機場快線建設工程)	240	289	100	100	89	–	–	–
Binjiang Road (Vessel Park Road No.1 South to Changtai Freeway) Project (濱江路工程(船舶園1#路向南至常泰高速))	225	271	100	100	71	–	–	–

Project	Total Investment	Total Amount Receivable	2015	Payment Arrangement 2016	2017	2018	2019	2020
				(RMB in millions)				
Eastern Area Wastewater Treatment Plant Inlet and Outlet Network Project (東區汙水處理廠進出水管網工程)	75	90	45	25	20	–	–	–
Galaxy Road (Chuishan Road – Binjiang Road) Project (銀河路工程(圌山路－濱江路))	72	87	30	30	27	–	–	–
The Southern Section of the Airport Road (Jingang Road – Xingang Road) Project (機場路南段(金港大道－興港路))	135	163	50	83	30	–	–	–
Shenggang Road Water Landscape Construction Project (盛崗路景觀水系建設)	140	168	82	50	36	–	–	–
Ganglong Petrochemical Wharf Extension Project (港龍石化碼頭改擴建)	200	240	82	75	50	33	–	–
Zhenjiang New Zone Dinggang New Town Project (鎮江新區丁崗新市鎮項目)	440	530	220	120	100	50	40	0
Zhenjiang New Zone Vehicle and Watercraft Equipment Park Project (鎮江新區車船裝備園)	400	480	132	120	120	50	58	–
Total	13,229	15,919	8,134	3,459	2,362	1,158	644	162

Projects under construction

As at 31 December 2015, the Group had 12 ongoing infrastructure construction projects with estimated investment totalling approximately RMB6,593 million and cost incurred totalling approximately RMB3,594 million. The particulars of those projects are set forth below:

Project	Year of Commencement	Expected Year of Completion	Estimated Total Investment	Cost Incurred	Completion Progress
			(RMB in millions)	*(RMB in millions)*	*% of total*
Zhendan Freeway (New Section) Project (鎮丹高速(新區段))	2014.02	2016.11	673	500	74.3
Technology New City Ancillary Facilities Construction Project Phase III (科技新城三期配套工程)	2013.02	2016.05	1,173	1,010	86.0
"Million Hectares of Fertile Farmland" Project Phase II ("萬頃良田"二期工程)	2014.05	2017.05	830	730	88.0
Beishayao River Reconstruction Project (北沙腰河改造)	2014.02	2016.01	720	50	65.0
Beigang Sluice Gate and Yaoqiao Sluice Gate Reconstruction Project (北港閘、姚橋閘改造)	2014.06	2016.02	105	40	38.0
Dalu Yangtze River Embankment Standard Enhancement Continued Construction Project (大路長江堤防提標續建)	2015.02	2017.05	99	33	33.0
Zhenjiang New Zone Vein Industry Park Project (鎮江新區靜脈產業園工程)	2013.05	2017.02	140	35	25.0
Zhenjiang New Zone Port Comprehensive Logistics Park (鎮江新區港口綜合物流園)	2013.02	2017.05	839	510	60.8
Yaoqiao Jiajiang Port Project (姚橋夾江碼頭)	2015.09	2017.05	931	186	20.0
Dalu General Airport Project Phase I (大路通用機場一期)	2014.11	2016.06	497	100	20.0
Culture Service Centre Project (文化服務中心)	2015.10	2016.10	476	350	73.5
Youth Activity Centre (青少年活動中心)	2015.10	2017.01	110	50	46.0
Total			6,593	3,594	

Projects planned to be constructed

As at 31 December 2015, the Group had 29 projects planned to be constructed with estimated investment totalling approximately RMB2,609 million. The particulars of those projects are set forth below:

Project	Expected Year of Commencement	Expected Year of Completion	Estimated Total Investment
			(RMB in millions)
Beigang Road Reconstruction Project（北港路改造工程）	2016.05	2016.12	47
Jing Third Road Reconstruction (West Nanwei Road – Nanwei Road No.7) Project（經三路改造工程(南緯西路－南緯七路)）	2016.06	2016.12	12
Zhenjiang New Zone Bus Terminal Project（鎮江新區客運總站工程）	2016.08	2016.11	12
Zhenjiang New Zone Talent Market Construction（鎮江新區人才市場建設工程）	2016.06	2016.12	12
煙墩山路慢車道改造工程(金港大道－興港東)	2016.09	2016.11	6
Zhaosheng Road Reconstruction Project（趙聲路改造工程）	2016.06	2016.11	50
Pingchang Road (South Yinshan Road – Gnagzhong Road)（平昌路(銀山南路－港中路)）			27
Zhencheng Road Reconstruction (Dashan Road – Zhenjiang East Biotech Equipment and Technology Co., Ltd) Project（鎮澄路改造工程(大山路－東方生物工程設備技術有限責任公司)）	2016.07	2016.12	18
Tonggang Road Maintenance (West Xinggang Road – East Riverside Road) Project（通港路維修(興港西路－臨江東路)）	2016.03	2016.09	10
Yangtse Road Reconstruction Project（揚子江路改造）	2016.05	2016.08	4
Road Construction in Dingang Industry Concentrated Areas（丁崗工業集中區道路建設）	2016.07	2016.12	8
Phoenix Mountain Raod and Railway Crossing Construction Project（鳳凰山路及鐵路道口建設）	2016.01	2016.12	36
Weiyi Road Reconstruction (Dingmao Bridge Road – Kangxin Property) Project（緯一路改造(丁卯橋路－康馨家園)）	2016.05	2016.12	8
Qijia Gang South Road Project（祁家港南側道路）	2016.05	2016.10	5
Road Intersection Traffic Facilities Project（道路交叉口交通設施）	2016.05	2016.11	7
Dalu Yangtze River Embankment Standardisation New Construction Project（大路長江堤防達標新建）	2016.01	2016.10	160
Dingmao Agriculture Trade Complex Project（丁卯農貿綜合體）	2016.04	2017.04	460

Project	Expected Year of Commencement	Expected Year of Completion	Estimated Total Investment
			(RMB in millions)
Beigang Road Reconstruction Project（北港路改造工程）	2016.05	2016.12	47
Gnagzhong Road Comprehensive Desludge Market Project（港中路綜合疏導市場）	2016.03	2016.11	40
Agricultural Trade Wholesale Market Phase II Cold Chain Project（農批市場二期冷鏈）	2016.01	2016.10	100
Pollution-Free Green Vegetable Base Project（無公害綠色蔬菜基地）	2016.01	2017.10	100
Lianhuaiyang Town Railway Comprehensive Terminal Project（連淮揚鎮鐵路綜合客運樞紐）	2016.09	2017.02	140
Huashan, Ruli Historic Village and Other Dalu Yaoqiao Old Houses Protection Project（華山、儒裡古村落及大路姚橋其他老宅保護）	2016.10	2017.05	100
Dingmao utility tunnel Project Phase I（丁卯地下綜合管廊一期）	2016.09	2018.02	1,200
Total			2,609.0

Real Estate Development

Overview

The Group has been undertaking the construction and development of affordable housing（保障性住房）, including relocation housing（拆遷安置房）, public-rental housing（公租房）, subsidised housing（經濟適用房）and the redevelopment of shanty areas（棚戶區改造）, in Zhenjiang since 2006. The Group's real estate business is primarily conducted through its subsidiaries Jiangsu Dagang Co., Ltd.（江蘇大港股份公司）and Zhenjiang Ruicheng Real Estate Development Co., Ltd.（鎮江瑞成房地產有限公司）, both of which are real estate developers with level two qualifications. The Group's real estate business primarily focuses on the development of affordable housing, with the development of commercial housing and commercial property as a supplemental business. The Group is engaged by the Zhenjiang New Zone Management Committee to undertake the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Zhenjiang Municipal Government. From 2013 to 2015, the Group had undertaken more than 30 per cent. of the affordable housing development projects in Zhenjiang.

The Group's commercial housing and commercial real estate development business is primarily conducted through its subsidiary Jiangsu Dagang Co., Ltd.（江蘇大港股份公司）. Over the past two years, Jiangsu Dagang Co., Ltd. has undergone a transition of its real estate development business from affordable housing development to commercial housing and commercial real estate development and realised operating revenue for commercial housing and commercial real estate development in 2015. In 2015, the Group's commercial housing and commercial real estate development business generated operating revenue of approximately RMB345.7 million, representing 11.3 per cent. of the operating revenue derived from the Group's real estate development business.

For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's real estate development business was RMB3,243.7 million, RMB1,467.5 million and RMB3,132.5 million, respectively, representing 34.3 per cent., 20.7 per cent. and 44.2 per cent., respectively, of the Group's operating revenue for the same period. For the years ended 31 December 2013, 2014 and 2015, gross profit generated from the Group's real estate development business was RMB591.0 million, RMB350.3 million and RMB445.7 million, respectively, accounting for 36.4 per cent., 30.0 per cent. and 48.7 per cent., respectively of the Group's total gross profit.

Affordable Housing Development

Business Mode

The Group undertakes affordable housing development projects under an agent construction basis. The Group is engaged by the Zhenjiang New Zone Management Committee to undertake affordable housing development projects and enters into an agent construction agreement (委託代建協議) with the Zhenjiang New Zone Management Committee for each project, which provides the details of the key aspects of the relevant project, such as the scale of the project, construction and project management schedule, the term, financing arrangements, payment schedule, allocation of responsibilities between the parties and the dispute resolution mechanism. Upon completion, inspection and acceptance of the project and after the final auditing of the project cost upon the completion of the project, the Zhenjiang New Zone Management Committee will pay to the Group for the construction and development of the project in instalments with a term of no longer than three years.

The Group typically conducts the fund raising for the affordable housing development projects. The land parcels for affordable housing development are all acquired by the Group through land auctions. The Group selects qualified contractors through public tender and makes advance payment to the contractors according to the project's progression.

Project Description

Completed projects

During the three years ended 31 December 2013, 2014 and 2015, the Group had completed 14,691 units of affordable housing development with a total GFA of approximately 1,773,000 sq.m. and a total investment of approximately RMB4,309.2 million. The particulars of those projects are set forth below:

Year	GFA	Total Units	Total Investment
	(sq.m.)		*(RMB in millions)*
2013	887,000	5,566	1,596.0
2014	463,000	2,133	878.0
2015	423,000	6,992	1,835.2
Total	1,773,000	14,691	4309.2

Projects under construction

As at 31 December 2015, the Group had 12 ongoing affordable housing development projects with a total planned GFA of approximately 2,354,100 sq.m. and estimated investment totalling approximately RMB7,925 million. As at 31 December 2015, the actual cost incurred for these projects amounted to approximately RMB3,996 million. The particulars of those projects are set forth below:

Project	**Year of Commencement**	**Expected Year of Completion**	**Expected GFA**	**Estimated Total Investment**	**Cost Incurred**	**Completion Progress**
			(sq.m.)	*(RMB in millions)*	*(RMB in millions)*	*% of total*
Longquan Affordable Housing Phase I（龍泉保障房一期）	2014.4	2016.09	184,200	549	274	50
Longquan Affordable Housing Phase II（龍泉保障房二期）	2015.4	2016.12	175,400	503	100	20
Yaoqiao Affordable Housing Phase I（姚橋保障房一期）	2014.4	2016.09	174,000	550	412	75
Pingchang New City Relocation Housing A6（平昌新城 A6 安置房）	2012.05	2016.7	111,400	550	522	95
Pingchang New City Relocation Housing A7（平昌新城 A7 安置房）	2015.3	2016.02	370,000	1,061	954	90
Pingchang New City Relocation Housing A9（平昌新城 A9 安置房）	2012.5	2016.01	218,700	750	712	95
Pingchang New City Relocation Housing A10（平昌新城 A10 安置房）	2013.1	2016.7	330,600	910	136	15
Pingchang New City Relocation Housing A11（平昌新城 A11 安置房）	2015.3	2016.12	190,000	550	165	30
Pingchang New City Relocation Housing A12（平昌新城 A12 安置房）	2015.3	2016.12	200,000	578	173	30
Gangnan Road Public Rental Housing（港南路公租房）	2014.6	2016.12	130,400	904	226	25
Guanghua Road Public Rental Housing（光華路公租房）	2011.5	2016.12	174,000	700	210	30
New Town Public Rental Housing（新市鎮公租房）	2014.6	2016.12	95,400	320	112	35
Total			2,354,100	7,925.0	3,996	

Projects planned to be constructed

As at 31 December 2015, the Group had 2 affordable housing development projects planned to be constructed with estimated investment totalling approximately RMB1,650 million. The particulars of those projects are set forth below:

Project	Expected Year of Commencement	Expected Year of Completion	Expected GFA	Estimated Total Investment
			(sq.m.)	*(RMB in millions)*
Dalu Relocation Housing Phase II (大路安置房二期)	2016.5	2018.12	360,000	1,200
Yaoqiao Affordable Housing Standard C/D (姚橋保障房C/D標)	2017/1	2019.3	168,000	450
Total..			528,000	1,650

Commercial Housing and Commercial Real Estate Development

The Group's commercial housing and commercial real estate development business is primarily conducted through its subsidiary Jiangsu Dagang Co., Ltd. (江蘇大港股份公司). Over the past two years, Jiangsu Dagang Co., Ltd. has undergone a transition of its real estate development business from affordable housing development to commercial housing and commercial real estate development and realised operating revenue for commercial housing and commercial real estate development in 2015. For the year ended 31 December 2015, the Group's commercial housing and commercial real estate development business had completed three projects and generated operating revenue of approximately RMB345.7 million, representing 11.3 per cent. of the operating revenue derived from the Group's real estate development business.

Miscellaneous

The Group also undertakes other businesses, including manufacturing, logistics, trading and others and other business.

For the years ended 31 December 2013, 2014 and 2015, operating revenue[1] generated from the Group's miscellaneous businesses was RMB920.5 million, RMB1,145.4 million and RMB869.0 million, respectively, representing 9.7 per cent., 16.1 per cent. and 12.3 per cent. of the Group's operating revenue for the same period.

Manufacturing

The Group's manufacturing business consists of new energy and new construction materials manufacturing. The Group undertakes the new energy materials manufacturing business through its subsidiary Zhenjiang Dacheng New Engergy Co., Ltd. (鎮江大成新能源有限公司) with solar wafer as its main product. The Group conducts the new construction materials manufacturing business

[1] "Operating revenue" for the Group's miscellaneous business is the aggregate of the operating revenue from the manufacturing, logistics, trading and others and other business segments in Notes 7-25 and 7-27 to the audited consolidated financial statements of the Company for the years ended 31 December 2014 and 2015, respectively.

through its subsidiaries Zhenjiang Ganghe New Building Materials Co., Ltd.（鎮江港和新型建材有限公司）and Jiangsu Zhongji New Building Materials Co., Ltd.（江蘇中技新型建材有限公司）with concrete as its main product.

For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's manufacturing business was RMB470.9 million, RMB365.3 million and RMB164.9 million, respectively, representing 5.0 per cent., 5.1 per cent. and 2.3 per cent., respectively, of the Group's operating revenue for the same period. In September 2015, the Company disposed of its 84.21 per cent. equity stake in Zhenjiang Dacheng New Engergy Co., Ltd. to a third party.

Logistics

The Group conducts its logistics business through its subsidiaries Zhenjiang Transportation Co., Ltd.（鎮江港東運輸有限公司）and Jiangsu Dagang Energy Logistics Co., Ltd.（江蘇大港能源物流有限責任公司）. The Group's logistics business mainly consists of concrete transportation services to companies in Zhenjiang New Zone.

For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's logistics business was RMB65.3 million, RMB123.7 million and RMB19.5 million, respectively, representing 0.7 per cent., 1.7 per cent. and 0.3 per cent., respectively, of the Group's operating revenue for the same period.

Trading and Others

The Group conducts its trading and others business through its subsidiaries Jiangsu Ganghui Chemical Co., Ltd.（江蘇港匯化工有限公司）, Zhenjiang City Ganglong Petrochemicals and Port Services Co., Ltd.（鎮江市港龍石化港務有限責任公司）, Zhenjiang Export Processing Zone EPZ International Trade Center Co. Ltd.（鎮江出口加工區港誠國際貿易有限責任公司）, and Zhenjiang New Zone SME Investment and Guarantee Co., Ltd.（鎮江新區中小企業投資擔保有限公司）. The Group's trading and other business mainly involves international and domestic trade business related to chemical, electromechanical and paper pulp products, guarantee and property leasing. In addition, to diversify its business, the Group also conducts business in software development, information technology, consulting services, and culture media industries.

For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's trading and other business was RMB294.4 million, RMB263.1 million and RMB436.7 million, respectively, representing 3.1 per cent., 3.7 per cent. and 6.2 per cent., respectively, of the Group's operating revenue for the same period.

Other Business

The Group also engages in other business, including sale of properties initially held for leasing. For the years ended 31 December 2013, 2014 and 2015, operating revenue generated from the Group's other business was RMB89.8 million, RMB393.2 million and RMB247.8 million, respectively, representing 1.0 per cent., 5.5 per cent. and 3.5 per cent., respectively, of the Group's operating revenue for the same period.

OPERATIONAL PROCESS

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

Project Identification

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

Financing

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

On-site Management

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

Monitoring of Project Construction

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

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

Quality Control

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

Completion

Upon project completion, the government will inspect the project and check the progress and quality of the completed works. The Zhenjiang New Zone Management Committee will retain 5 per cent. of the project fees to cover the costs of any maintenance works to be undertaken during the maintenance period.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdiction in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. 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 committee to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including budget management, invested projects finance management, guarantee management, remuneration management, safety production, subsidiaries management, investment and financing management, connected transaction, information disclosure and incidents management. Each level and department of the Group is well informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

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

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

INSURANCE

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

EMPLOYEES

As at 31 December 2015, the Group had approximately 1,782 employees.

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

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See "*Risk Factors – Risks Relating to the Group's Business – The Group is exposed to litigation risks*".

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Directors

The board of directors of the Company consists of five members, including a chairman and four directors. The board of directors determines major matters of the Company and is primarily responsible for implementing the decisions of and reporting to the Zhenjiang New Zone Management Committee and determining the business plans and investment proposals, making the annual financial budget plans and major financing and restructuring plans, determining the management structure of the Company and appointing general manager and other senior management of the Company. The following table sets forth the Company's directors as at the date of this Offering Circular:

Name	Age	Position
Wang Dongxiao (王東曉)	50	Chairman
Wang Maohe (王茂和)	37	Director and general manager
Lin Ziwen (林子文)	46	Director
Tian Miaoqing (田苗青)	45	Director
An Mingliang (安明亮)	38	Employee Director

Mr. Wang Dongxiao (王東曉) has been the chairman of the Company since February 2015. Mr. Wang previously served as the factory manager of Zhenjiang Auto & Transport Corporation (鎮江汽車運輸總公司), the section chief of Investment Section of Zhenjiang Municipal Planning Commission (鎮江市計劃委員會), the general manager of Zhenjiang New Zone Urban Construction & Investment Company (鎮江新區城市建設投資公司), the head of the Zhenjiang New Zone No.2 Investment Promotion Bureau (鎮江新區招商局二局), a deputy general manager and the general manager of Zhenjiang New Zone Economic Development Corporation (鎮江新區經濟開發總公司). Mr. Wang is a member of the Communist Party of China (the "**CPC**"). Mr. Wang obtained his Master's degree in Mechanical Engineering from Jiangsu University of Science and Technology (江蘇理工大學) (now known as Jiangsu University (江蘇大學)).

Mr. Wang Maohe (王茂和) has been a director and the general manager of the Company since February 2015. Mr. Wang previously served as the head of the Planning and Securities Department of Jiangsu Dagang Co., Ltd. (江蘇大港股份公司), a deputy chief of Yaoqiao Town Government (姚橋鎮政府), an executive deputy general manager of Jiangsu Dagang Co., Ltd. and the chairman of the board of directors of Zhenjiang Dacheng New Energy Co., Ltd, the general manager of Jiangsu Dagang Co., Ltd. and a deputy general manager of Zhenjiang New Zone Economic Development Corporation. Mr. Wang is a member of the CPC. Mr. Wang obtained his Master of Business Administration from Jiangsu University (江蘇大學) and is an economist.

Mr. Lin Ziwen (林子文) has been a director of the Company since February 2015. Mr. Lin also holds the position of chairman of the board of directors in Jiangsu Dagang Co., Ltd. Mr. Lin previously served as a deputy head of the Zhenjiang New Zone Restructuring & Listing Office (鎮江新區改制上市辦公室), the head of the Securities & Investment Department of Jiangsu Dagang Co., Ltd. and the board secretary and a deputy general manager and general manager of Jiangsu Dagang Co., Ltd. Mr. Lin obtained his executive MBA degree from Nanjing University (南京大學) and is a senior economist.

Mr. Tian Miaoqing (田苗青) has been a director of the Company since February 2015. Ms. Tian also holds the position of general manager in Zhengjiang New Area SME Investment Guarantee Co., Ltd. (鎮江新區中小企業投資擔保有限公司) Ms. Tian previously served as an officer of Credit Department of China Construction Bank Corporation, Zhenjiang Branch (中國建設銀行鎮江分行)

and a deputy general manager of Zhenjiang New Zone SME Investment Guarantee Co., Ltd. Mr. Tian obtained his Bachelor of Law from Nanjing University (南京大學) and is a qualified lawyer and an economist.

Mr. An Mingliang (安明亮) has been an employee director and the head of Investment and Finance Department of the Company since February 2015. Mr. An previously served as the office director of the Zhenjiang New Zone Finance Bureau, a deputy general manager of Zhenjiang New Zone Urban Construction & Investment Co., Ltd, a deputy secretary of the CPC Committee of Zhenjiang New Zone Dingmao Sub-district Office (鎮江新區丁卯街道辦事處), the general manager of Zhenjiang New Zone Hi-tech Industries Investment Co., Ltd. (鎮江新區高薪技術產業投資有限公司) and the head of Investment and Finance Department of Zhenjiang New Zone Economic Development Corporation. Mr. An is a member of the CPC. Mr. An obtained his Master of Business Administration from Jiangsu University (江蘇大學) and is an economist.

Supervisors

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

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

Name	Age	Position
Feng Jianming (封建明)	44	Chairman of the board of supervisors
Gong Zhenqiu (貢震秋)	39	Supervisor
Zhang Jiantao (張建濤)	40	Supervisor
Gong Jian (龔健)	38	Employee supervisor
Geng Yi (耿逸)	43	Employee supervisor

Mr. Feng Jianming (封建明) has been the chairman of the board of supervisors of the Company since February 2015. Mr. Feng previously served as the secretary to the general manager of Yangzhou Xingdi Leather Products Co., Ltd. (揚州星帝皮件有限公司), a deputy head of Administration Bureau of Zhenjiang Hi-tech Park (鎮江高新園區管理局), a deputy office director of the Zhenjiang New Zone Management Committee and a deputy secretary of the CPC Committee and the secretary of the Discipline Committee of Zhenjiang New Zone Economic Development Corporation. Mr. Feng is a member of the CPC. Mr. Feng obtained his Master of Business Administration from Jiangsu University (江蘇大學) and is an economist.

Ms. Gong Zhenqiu (貢震秋) has been a supervisor, an assistant to the general manager and the head of Planning and Finance Department of the Company since February 2015. Ms. Gong previously served as an officer of Zhenjiang New Zone Public Utility Management Division (鎮江新區共用事業管理處), the chief accountant of Zhenjiang New Zone Dagang Development Corporation (鎮江新區大港開發總公司), the section chief of Economic Development Section of the Zhenjiang New Zone Finance Bureau and the head of the Planning and Accounting Department of Zhenjiang New Zone Economic Development Corporation. Ms. Gong is a member of the CPC. Ms. Gong obtained her Bachelor's degree from Nanjing School of Economics (南京經濟學院) and is a certified public accountant.

Mr. Zhang Jiantao (張建濤) has been a supervisor of the Company since February 2015. Mr. Zhang previously worked at the State-owned Asset Division of the Zhenjiang New Zone Finance Bureau (鎮江新區財政局國資科) and the Research Department of the Dalian Orient Futures (大連東證期貨研究部). Mr. Zhang obtained his Master's degree in Finance from Dongbei University of Finance and Economics (東北財經大學).

Mr. Gong Jian (龔健) has been an employee supervisor and a deputy head of the Investment and Finance Department of the Company since February 2015. Mr. Gong previously served as an assistant auditor of Jiangsu Hengxin Certified Public Accountants Co., Ltd. (江蘇恆信會計師事務所有限公司), an assistant auditor of Zhenjiang Hengxin Certified Tax Advisors Co., Ltd. (鎮江恆信稅務師事務所有限公司) and the chief accountant of Zhenjiang New Zone Economic Development Corporation. Mr. Gong obtained his Bachelor's degree from Huazhong Agricultural University (華中農業大學) and is an accountant.

Mr. Geng Yi (耿逸) has been a supervisor and the head of the Legal Department of the Company since February 2015. Mr. Geng previously served as a tax auditor of Zhenjiang Mingcheng Certified Public Accountants (鎮江明誠會計師事務所), an officer of the Zhenjiang New Zone Finance Bureau and a deputy head of the Operation and Development Department of Zhenjiang New Zone Economic Development Corporation. Mr. Geng obtained his Bachelor's degree from Nanjing University (南京大學) and is a qualified lawyer and a certified public accountant.

Senior Management

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

Name	Age	Position
Wang Maohe (王茂和)	37	Director and general manager
Hu Zhichao (胡志超)	43	Deputy general manager and chief finance office

Mr. Wang Maohe (王茂和) has been a general manager of the Company since February 2015. For Mr. Wang's biography, see "*Directors*" above.

Ms. Hu Zhichao (胡志超) has been the general manager and the chief finance officer of the Company since February 2015. Mr. Hu previously served as an officer of Dagang Development Zone Finance Bureau (大港開發區財政局), the section chief of Accounting Section of Zhenjiang New Zone Finance Bureau, a deputy manager of Zhenjiang New Zone Urban Construction & Development Co., Ltd., a deputy chief of Zhenjiang New Zone Finance Bureau and a deputy general manager and a member of the CPC committee of Zhenjiang New Zone Economic Development Corporation. Mr. Hu is a member of the CPC. Mr. Hu obtained his Bachelor's degree in Economics from Anhui Institute of Finance and Trade (安徽財貿學院) and is an economist.

Corporate Governance

The Company has established and implemented an effective corporate governance structure. It has set up nine departments at the headquarter level (namely the General Office, the Operation and Development Department, the Planning and Finance Department, the Financing Department, the Investment Department, the Asset Management Department, the Legal Compliance and Audit Department, the Discipline Inspection and Supervision Department and the Safe Production and Supervision Department.). The primary duties of these five departments are sets forth as follows:

- General Office is primarily responsible for establishing internal policies and systems, carrying out recruitment, internal training, appraisal and secretarial works and the Communist Party Committee matters and coordinating between different departments of the Company and liaising with its subsidiaries or affiliates.

- Operation and Development Department is primarily responsible for researching, administrating and implementing the operation, investment and development strategies of the Company, analysing the Company's operating results, establishing and implementing the Company's annual operation plan and reviewing and supervising the annual operation plans of the subsidiaries.

- Planning and Finance Department is primarily responsible for drafting, improving and implementing the accounting system and financial management policies, supervising and monitoring the income and expenses of the Company and preparing budget and financial accounts and analysing the economic activities of the Company.

- Financing Department is primarily responsible for establishing and implementing the financing strategies of the Company, drafting, negotiating and executing the relevant financing contracts, exploring new financing channels for the Company and promoting the relationship between the Company and other domestic and international financing institutions.

- Investment Department is primarily responsible for establishing and implementing the Company's investment strategies and reporting the proposed investment projects to the management.

- Asset Management Department is primarily responsible for managing the Company's fixed asset and other assets and the disposal and leasing of the Company's assets.

- Legal Compliance and Audit Department is primarily responsible for drafting, reviewing and implementing the contracts entered into by the Company, developing and enhancing the Company's compliance system, conducting internal legal trainings, designing and enhancing the internal control and auditing system, auditing the financial statements of the Company and its subsidiaries and selecting and coordinating with external independent auditors.

- Discipline Inspection and Supervision Department is primarily responsible for establishing and implementing the discipline and supervision system and the anti-bribery system of the Company and supervising the implementation of the rules, decisions and policies promulgated by the government and the party by the Company.

- Safe Production and Supervision Department is primarily responsible for establishing and implementing the safety protocols and the guidelines setting out the responsibilities of safety officers, and reporting the major occupational accidents to the management.

In addition, the Company has established several effective internal control systems, including the budget management system, the finance management system for invested projects, the guarantee management system, the remuneration management system, the safety production system, the subsidiaries management system, the investment and financing management system, the connected transaction system, the information disclosure system and the incidents management system.

EXCHANGE RATE INFORMATION

PRC

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on rates set by PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to US dollars was generally stable. On 21 July 2005, the PRC Government changed its decade-old policy of pegging the value of the Renminbi to that of the US dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the US dollar.

The PRC Government has made further adjustments to the exchange rate system. PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, 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 US dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. On 19 June 2010 PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the US dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the US dollar by up to 1.0 per cent. above or below the central parity rate published by PBOC. PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and US dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3.0 per cent. of the published central parity of the US dollar on that day, instead of 2.0 per cent. On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three conservative days commencing 11 August 2015, PBOC devalued the Renminbi against the US dollar, leading to declines in the value of the Renminbi versus the US dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, CFETS, a sub-institutional organisation of PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective.

Although PRC Governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The table below sets forth the noon buying rates for the periods indicated, certain information concerning the exchange rates between Renminbi and US dollars. For periods after 1 January 2011, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	Noon Buying Rate			
Period	**Period End**	**Average[1]**	**High**	**Low**
	(RMB per US$1.00)			
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016				
January	6.5752	6.5726	6.5932	6.5219
February	6.5525	6.5501	6.5975	6.5154
March	6.4450	6.5027	6.5500	6.4480
April	6.4738	6.4754	6.5004	6.4571
May	6.5798	6.5259	6.5798	6.4738
June (through 10 June)	6.5590	6.5663	6.5815	6.5590

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

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

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

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

- Ministry of Housing and Urban-Rural Development of the People's Republic of China ("**MOHURD**") (formerly Ministry of Construction of the People's Republic of China, "**MOC**") and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards, etc.

- Ministry of Transport of the People's Republic of China ("**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, "**MOR**") and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide.

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.

- Ministry of Environmental Protection of the People's Republic of China (formerly State Environmental Protection Administration, "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Strengthening Fiscal Financial Management of Government Invested Projects Construction Agency System（財政部關於切實加強政府投資項目代建制財政財務管理有關問題的指導意見）issued by the Ministry of Finance of the PRC on 16 September 2004, the construction agency established (or authorised to be established) by the government can be deemed as a department of the government and can directly prepare the annual investment plan and annual budget for city infrastructure construction. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy（中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟

平穩較快發展的指導意見) issued jointly by PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

To effectively regulate the construction of public works projects financed by local governments through the BT business model, the Ministry of Finance, NDRC, PBOC and CBRC jointly promulgated Circular 463 on 24 December 2012. According to Circular 463, all levels of local governments and their government departments and offices generally are not permitted to incur government debts through agent-construction projects on BT business model basis where buyback payment would be paid in instalments. For public works projects which are eligible for incurring government debts, Circular 463 makes it clear that the government must carefully plan the construction scale and the repurchase schedule in accordance with the construction plan of the relevant project and the repayment ability of the government itself if the relevant project is to be constructed on BT business model basis.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government and three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

- *Support stock financing needs for projects under construction*. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.

- *Regulate increment financing for projects under construction*. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the incremental financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

- *Administer in an effective and proper manner follow-up financing for projects under construction*. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies, such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- *Improve supporting measures*. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Regulation on the Issuance of Foreign Bonds

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of not less than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days of the end of issuance each time.

Qualification of Construction Enterprises

In accordance with the Construction Law of the People's Republic of China(中華人民共和國建築法) amended by Standing Committee of the National People's Congress (the "**SCNPC**") on 22 April 2011 and became effective on 1 July 2011, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 22 January 2015 which became effective on 1 March 2015. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises(建築業企業資質管理規定和資質標準實施意見)issued by MOHURD on 31 January 2015 and became effective on 1 March 2015, Criterion for Qualification of Construction Enterprises(建築業企業資質標準)promulgated by MOHURD on 6 November 2014 which became effective on 1 January 2015, and Criterion for Premium Qualification of Construction General Contracting Enterprises(施工總承包企業特級資質標準)issued by MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects(建設工程勘察設計資質管理規定)promulgated by MOC on 26 June 2007 which became effective on 1 September 2007, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects(建設工程勘察設計資質管理規定實施意見) issued by MOC on 21 August 2007 and became effective on the same date, Provisions on Qualification Management of Project Supervision Enterprises(工程監理企業資質管理規定) promulgated by MOC on 26 June 2007 and became effective on 1 August 2007, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises(工程監理企業資質管理規定實施意見)issued by MOC on 31 July 2007 and became effective on the same date, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include the qualification of general contractor, the qualification of professional contractor and the qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to undertake general contracting work for the whole project or main works. The enterprise undertaking the general contracting work may carry out the whole construction project by itself or subcontract the work other than the main work or the labour service to other construction enterprises that have requisite qualifications.

Any enterprise that has obtained the qualification of a professional contractor may undertake the professional work subcontracted by the general contractor or the professional work contracted by a construction unit. A professional contracting enterprise may carry out construction by itself or subcontract the labour service work to a labour service enterprise that has the corresponding qualification.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by the SCNPC on 30 August 1999 which became effective on 1 January 2000, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water

Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, Administrative Measures for the Bidding and Tendering of Design of Construction Projects(建設工程設計招標投標管理辦法) issued by MOC on 18 October 2000 and became effective on the same date, Provisions on the Tendering Scope and Scale Standards of Construction Projects(工程建設項目招標範圍和規模標準規定) issued by NDRC on 1 May 2000 and became effective on the same date, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, and Administrative Measures for the Bidding and Tendering of Highway Engineering Construction (公路工程施工招標投標管理辦法) promulgated by MOT on 23 June 2006 which became effective on 1 August 2006.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (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 and 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.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例)issued by the State Council on 30 January 2000 and became 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 became effective on the same date, Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理暫行辦法) issued jointly by MOC and MOF on 12 January 2005 and became effective on the same date, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備

案管理辦法）issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects（房屋建築工程質量保修辦法）issued by MOC on 30 June 2000 and became effective on the same date, Measures for Completion Acceptance of Port Works（港口工程竣工驗收辦法）promulgated by MOT on 12 April 2005 which became effective on 1 June 2005 and amended on 5 September 2014 and Measures for Completion (Delivery) Acceptance of Highway Works（公路工程竣（交）工驗收辦法）promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 1 May 2010.

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

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China（中華人民共和國安全生產法）promulgated by the SCNPC on 29 June 2002 which became effective on 1 November 2002, and amended on 31 August 2014 which amendment became effective on 1 December 2014, Regulation on Work Safety Management of Construction Projects（建設工程安全生產管理條例）promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licences（安全生產許可證條例）by State Council on 13 January 2004 and became effective on the same date, and amended on 29 July 2014 which amendment became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation（《生產安全事故報告和調查處理條例》罰款處罰暫行規定）promulgated by State Council on 12 July 2007 which became effective on the same date, and amended on 2 April 2015 which amendment became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises（建築施工企業安全生產許可證管理規定）issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the People's Republic of China, Regulation on Work Safety Licences and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China（中華人民共和國環境保護法）amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China（中華人民共和國環境影響評價法）promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003, Administrative Regulations on Environmental Protection of Construction Projects（建設項目環境保護管理條例）issued by State Council on 29 November 1998 and became effective on the same date, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion（建設項目竣工環境保護驗收管理辦法）promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo an environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

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

Water Pollution

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

Noise Pollution

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

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003, 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 on29November 1998, which became effective on 29 November 1998, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設專案竣工環境保護驗收管理辦法), promulgated by the Ministry of Environmental Protection on 27 December 2001, which became effective on 1 February 2002, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, 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 Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002, 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.

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Measures for the Administration of Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法)effective from 1 May 2014 and amended on 27 December 2014, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the amount of the investment made by the Chinese party is US$1 billion or more, or if the project is related to the sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the amount of the investment made by the Chinese party is US$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for the approval. Other than the projects specified above, the other projects shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds US$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below US$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of not less than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days of the end of issuance each time.

MOFCOM Supervision

MOFCOM issued the new version of the Overseas Investment Administration Rules (境外投資管理辦法) on 6 September 2014, effective from 6 October 2014 (the "**New Overseas Investment Rules**"). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and the competent department of commerce shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate (企業境外投資證書). If two or more enterprises make a joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after obtaining written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" mean those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application and submit all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise (中央企業))or the provincial department of commerce (for a local enterprise) respectively.

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days of receipt of such filing form.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form(境外中資企業再投資報告表)from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

Foreign Exchange Administration

According to Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises（中央企業境外國有產權管理暫行辦法）and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises（中央企業境外國有資產監督管理暫行辦法）also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contributions, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with SASAC, where any of the following events take places in connection with a central enterprise or its subsidiaries at all levels:

(1) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;

(2) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;

(3) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or

(4) other circumstances in which property right registration needs to be made.

Qualification of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers（房地產開發企業資質管理規定）promulgated by MOC on 29 March 2000 and amended on 4 May 2015 which amendment became effective on the same date, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. MOC is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers.

Engagement in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from RMB50,000 to RMB100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for industry and commerce for the revocation of the business license. Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be annually inspected.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensation and other amounts paid by the Issuer to persons who are not resident in the British Virgin Islands are exempt from the provisions of the Income Tax Act in the British Virgin Islands, and any capital gains realised with respect to any shares, debt obligations, or other securities of the Issuer by persons who are not resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer or its members.

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) or interest in respect of 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).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

- interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a person (other than a company) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

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 who carries on a trade, profession or business in Hong Kong and the sums have a Hong Kong source.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to Hong Kong profits tax.

Stamp Duty

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

Estate Duty

No Hong Kong estate duty is payable in respect of the Bonds.

PRC

Income Tax

Pursuant to the EIT Law and its implementation regulations, an enterprise established under the laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) with "de facto management bodies" within the territory of the PRC is considered a "PRC tax resident enterprise" for PRC enterprise income tax purposes and must pay PRC enterprise income tax at the rate of 25 per cent, in respect of their taxable income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer or the Guarantor is within the territory of the PRC, the Issuer or the Guarantor may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent, on its taxable income.

As at the date of the Offering Circular, the Issuer and the Guarantor confirmed that they have not received any notice or been informed by the PRC tax authority that they are considered as PRC resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer or the Guarantor will not be treated as a PRC resident enterprise under the EIT Law and related implementation regulation in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent, who must withhold the tax amount from each payment. Accordingly, in the event the Issuer or the Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent, for non-resident enterprise Bondholders without an establishment within the PRC or whose incomes have no connection to its establishment inside the PRC and 20 per cent. In the case of non-resident individuals, unless a lower rate is available under an applicable tax treaty.

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 Ministry of Finance and the State Administration of Taxation (the "**SAT**") issued the Circular of Full Implementation of Business Tax to VAT Reform （關於全面推開營業稅改徵增值稅試點的通知, Caishui [2016] No. 36, "**Circular 36**"), which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by and be subject to VAT.

According to Circular 36, entities and individuals providing services within the PRC are subject to VAT. The services potentially subject to VAT include the provision of financial services such as the provision of loans. Although the issuance of the Bonds is likely to be treated as financial services for VAT purposes, Circular 36 stipulates that services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. In connection with the issue of the Bonds, none of the Issuer, the Guarantor and/or the Bondholders is located in the PRC.

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

United States' Foreign Account Tax Company Act Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions 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 1 January 2019 and Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional bonds (as described under "Terms and Conditions of the Bonds – Further Issues") that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Bondholders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer, the Guarantor and the Company have entered into a subscription agreement with the Managers dated 23 June 2016 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer, the Guarantor and the Company have agreed to sell to the Managers, and the Managers have severally but not jointly agreed to 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
	US$
Guotai Junan Securities (Hong Kong) Limited	282,000,000
China Securities (International) Corporate Finance Company Limited	18,000,000
Total	**300,000,000**

The Subscription Agreement provides that the Issuer, the Guarantor and the Company will jointly and severally indemnify the Managers 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.

The Issuer and the Guarantor have agreed to pay, through the Managers, a commission to certain private banks based on the principal amount of the Bonds purchased by the clients of such private banks.

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

The Managers and their respective affiliates may purchase the Bonds and allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. 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, the Guarantor or the Company, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer, the Guarantor or the Company for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors – Risks relating to the Bonds and the Guarantee – A trading market for the Bonds may not develop*"). The Issuer, the Guarantor, the Company and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor and/or the Company. The Managers have received, or may in the future receive, customary fees and commissions for these transactions.

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, the Guarantor and/or the Company, including the Bonds. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Guarantor and/or the Company routinely hedge their credit exposure to the Issuer, the Guarantor and/or the Company consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's, the Guarantor's and/or the Company's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. 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, the Guarantor or the Company, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, any of the Managers (such person, the "**Stabilising Manager**") or any person acting on behalf of 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 market 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, the Guarantor or the Company. 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 Bonds is made and, if begun, may be ended at any time. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor, the Company, or the Managers that would, or is intended to 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. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor, the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Managers has represented that it has not offered or sold, and has agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Bonds and the Guarantee are being offered and sold outside of the United States in offshore transactions in accordance with Regulatory S.

UNITED KINGDOM

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

HONG KONG

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

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

PRC

Each Manager has represented 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 Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such 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 such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), 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:

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(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 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

British Virgin Islands

Each Joint Lead Manager has represented, warranted and agreed that with respect to offers and sales of any Bonds, that it has not and will not make any invitation to the public or any member of the public in the British Virgin Islands to purchase the Bonds and the Bonds may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Consolidated Financial Statements of the Company have been prepared in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect China's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Company. The differences identified below are limited to those significant differences that are appropriate to the Company's consolidated financial statements. Since the summary is not meant to be exhaustive, there is no assurance that the summary below is complete. The Company has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Company, 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 projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions 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, investors must rely upon your own examination of the Company, the terms of the offering and other disclosure contained herein. Investors should consult their 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 shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including investment property valued under cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill 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. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market and whose fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets shall be measured at fair value.

GENERAL INFORMATION

1. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 143539458 and the International Securities Identification Number for the Bonds is XS1435394587.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a written resolution of the sole director of the Issuer on 17 June 2016. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The execution and delivery of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking was authorised by a written resolution of the sole director of the Guarantor on 17 June 2016. The Company has obtained all necessary consents, approvals and authorisations in connection with entry into the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking. The execution and delivery of the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking was authorised by resolutions of the board of directors of the Company on 29 March 2016.

3. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2015 (in the case of the Company and the Group) or the date of incorporation (in the case of the Issuer and the Guarantor) in the financial or trading position, prospects or results of operations of the Issuer, the Guarantor, the Company or the Group.

4. **Litigation**: None of the Issuer, the Guarantor, the Company or any member of the Group is involved in any litigation or arbitration proceedings that the Issuer, the Guarantor or the Company believe are material in the context of the Bonds nor is the Issuer, the Guarantor or the Company aware that any such proceedings are pending or threatened.

5. **Available Documents**: Copies of the Company's audited consolidated financial statements for the years ended 31 December 2014 and 2015, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Articles of Association of the Issuer, the Guarantor and the Company will be available for inspection from the Issue Date at the specified office of the Principal Paying Agent at all reasonable times during normal business hours upon prior written request and proof of holdings, so long as any of the Bonds is outstanding.

6. **Audited Financial Statements**: the Company's audited consolidated financial statements as at and for the years ended 31 December 2014 and 2015, which are included elsewhere in this Offering Circular, have been audited by Jiangsu Suya Jincheng Certified Public Accountants LLP as stated in its report appearing herein.

7. **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 as defined in the SFO only and such permission is expected to become effective on or about 29 June 2016.