

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本公告及其所述上市文件乃按香港聯合交易所有限公司證券上市規則規定刊發，僅供參考用途，並不構成提呈出售任何證券的要約或招攬購買任何證券的要約。本公告及其任何內容(包括上市文件)並非任何合約或承諾的依據。為免生疑，刊發本公告及其所述的上市文件不應被視為就香港法例第32章公司(清盤及雜項條文)條例而言根據發行人或其代表刊發的招股章程提呈發售證券的要約，亦不構成就香港法例第571章證券及期貨條例而言的廣告、邀請或文件，其中載有向公眾人士的邀請，以訂立或建議訂立有關購買、出售、認購或包銷證券的協議。

本公告僅供參考，並不構成在美國提呈出售證券的要約或招攬購買證券的要約，倘未有根據任何其他司法權區的證券法登記或取得資格而於該司法權區提呈有關要約、招攬或出售即屬違法，則亦不構成在該司法權區提呈出售證券的要約或招攬購買證券的要約。

本公告及其中任何內容均不構成任何合約或承諾的依據。本公告及其任何副本亦不得帶入美國或在美國分發。本公告所述證券不曾亦不會根據1933年美國證券法(經修訂)登記，而證券在未辦理登記或未獲適當豁免登記的情況下不得在美國發售或出售。本公司並無計劃在美國公開發售任何證券。

刊發發售通函

MCC HOLDING (HONG KONG) CORPORATION LIMITED 中冶控股(香港)有限公司

(於香港註冊成立的有限公司)

(「發行人」)

本金為500,000,000美元的優先擔保永續證券(「該等證券」)

(股份代號：40653)

由

METALLURGICAL CORPORATION OF CHINA LTD.* 中國冶金科工股份有限公司

(於中華人民共和國註冊成立的股份有限公司)

「擔保人」

(股份代號：1618)

提供無條件且不可撤銷的擔保

本公告乃根據上市規則第37.39A條刊發。請參閱隨附之日期為2021年4月12日有關發行該等證券的發售通函（「發售通函」）。發售通函僅以英文發佈。概無發佈中文版本的發售通函。

香港投資者敬請注意：發行人及擔保人確認該等證券擬僅供專業投資者（定義見上市規則第37章）購買，並按該基準於香港聯合交易所有限公司上市。因此，發行人及擔保人確認該等證券不適合作為香港或其他地方散戶之投資。投資者應審慎考慮所涉及的風險。

發售通函並不構成在任何司法權區向公眾人士提呈出售任何證券的招股章程、通告、通函、小冊子或廣告，亦不作為向公眾人士提呈以供認購或購買任何證券的邀請，亦不旨在用作公眾人士提呈認購或購買任何證券的邀請。

發售通函不應被視為勸誘認購或購買發行人的任何證券，亦不旨在進行該等勸誘。概不應根據發售通函所載資料作出任何投資決定。

香港，2021年4月21日

於本公告日期，中冶控股（香港）有限公司的董事為鄒宏英女士及朱柏林先生，而中國冶金科工股份有限公司的董事會包括兩位董事：國文清先生及張孟星先生；三位獨立非執行董事：周紀昌先生、余海龍先生及吳嘉寧先生；以及一位非執行董事：閔愛中先生

* 僅供識別

IMPORTANT NOTICE

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 (the “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 of the Securities, 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: This 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 BOCI Asia Limited and DBS Bank Ltd. as joint global coordinators, joint bookrunners and joint lead managers, and Industrial Bank Co., Ltd. Hong Kong Branch, CMB International Capital Limited, China CITIC Bank International Limited, ICBC International Securities Limited and Guotai Junan Securities (Hong Kong) Limited as joint bookrunners and joint lead managers (together, the “Managers”) that (1) 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; (2) to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”); and (3) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission and agree to the terms set forth herein.

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 none of the Managers, the Trustee or the Agents (as defined in the attached offering circular) or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them nor any of 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. We will provide a hard copy version to you upon request.

Restrictions: The attached document is subject to completion and is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described 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 SECURITIES 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 SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the issuer of the securities, the guarantor of the securities or the Managers, the Trustee or the Agents 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 the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers 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 this 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.

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

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 U.S. ADDRESS. 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.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

STRICTLY CONFIDENTIAL

MCC Holding (Hong Kong) Corporation Limited
(a company incorporated with limited liability in Hong Kong)

U.S.\$500,000,000 2.95 per cent. Senior Guaranteed Perpetual Securities
unconditionally & irrevocably guaranteed by



Metallurgical Corporation of China Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 601618.SH, 1618.HK)

Issue Price: 100.0 per cent.

The 2.95 per cent. senior guaranteed perpetual securities in the aggregate principal amount of U.S.\$500,000,000 (the "Securities") will be issued by MCC Holding (Hong Kong) Corporation Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee of the Securities") by Metallurgical Corporation of China Ltd. (the "Guarantor"). The Issuer is a direct, wholly owned subsidiary of the Guarantor. Senior guaranteed perpetual securities in the aggregate principal amount of U.S.\$500,000,000 (the "Securities") will be issued by MCC Holding (Hong Kong) Corporation Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee of the Securities") by Metallurgical Corporation of China Ltd. (the "Guarantor"). The Issuer is a direct, wholly owned subsidiary of the Guarantor.

The Securities confer a right to receive distribution (each, a "Distribution") for the period from and including 20 April 2021 (the "Issue Date") at the applicable rate described below (the "Distribution Rate"). Subject to the terms and conditions of the Securities ("Terms and Conditions" or "Terms and Conditions of the Securities") relating to deferral of Distribution (see "Terms and Conditions of the Securities – Distributions – Distribution Deferral"), Distribution shall be payable on the Securities semi-annually in arrear on 20 October and 20 April of each year (each, a "Distribution Payment Date") commencing on 20 October 2021.

Payments on the Securities shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction (as defined in the Terms and Conditions of the Securities) to the extent described under "Terms and Conditions of the Securities – Taxation".

The Securities will constitute direct, general, unconditional, (subject to Condition 3(a) (Negative Pledge)), unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The denomination of the Securities will be U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

The Guarantee of the Securities constitutes a direct, general, unconditional, unsubordinated (subject to Condition 3(a) (Negative Pledge)), unsecured obligations of the Guarantor which shall, at all times rank at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Guarantor will enter into a deed of guarantee (the "Deed of Guarantee") on or around Issue Date. The Guarantor has undertaken to file or cause to be filed with the Beijing Branch of the State Administration of Foreign Exchange ("SAFE") (as defined below) the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees 《跨境擔保外匯管理規定》 promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014. The Guarantor shall use its best endeavours to complete the registration for the execution of the Deed of Guarantee with SAFE before the Registration Deadline (being 90 PRC Business Days after the Issue Date).

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC (as defined below) or its local counterparts (the "NDRC") on 14 September 2015 which came into effect on the same day, the controlling entity of the Guarantor has registered the issuance of the Securities with the NDRC and obtained a certificate from the NDRC on 22 March 2021 evidencing such registration which, at the date of this Offering Circular, remains valid and in full force and effect. The Guarantor has undertaken to file or cause to be filed the requisite information and documents on the issuance of the Securities to the NDRC within the prescribed timeframe after the Issue Date under the NDRC Circular.

Unless previously redeemed in accordance with the Terms and Conditions of the Securities, Distributions (i) in respect of the period from, and including, the Issue Date to, but excluding, 20 April 2024 (the "First Call Date") shall accrue on the outstanding principal amount of the Securities at the Initial Distribution Rate; and (ii) in respect of the period (A) from, and including, the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, shall accrue on the outstanding principal amount of the Securities at the Relevant Reset Distribution Rate (except expressly provided to the otherwise, capitalised terms used herein shall have the meaning ascribed thereto in "Terms and Conditions of the Securities").

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Holders, the Trustee and the Principal Paying Agent in writing not more than 10 business days nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event (as defined in the Terms and Conditions of the Securities) has occurred. Any Distribution so deferred shall remain outstanding in full and constitute Arrears of Distribution. Each amount of Arrears of Distribution shall accrue distribution at the prevailing Distribution Rate as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution (the "Additional Distribution Amount") with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution as described in "Terms and Conditions of the Securities – Distributions – Distribution Deferral". The Issuer may further defer any Arrears of Distribution and Additional Distribution Amounts by complying with the notice requirements as described in "Terms and Conditions of the Securities – Distributions – Distribution Deferral". The Issuer is not subject to any limits as to the number of times any Distributions and Arrears of Distribution may be deferred. See "Terms and Conditions of the Securities – Distributions – Distribution Deferral".

Unless (x) the Issuer has satisfied in full, all outstanding Arrears of Distribution and Additional Distribution Amount or (y) the Issuer or the Guarantor is otherwise permitted to do so by an Extraordinary Resolution of the Holders, the restrictions as described in "Terms and Conditions of the Securities – Distributions – Distribution Deferral – Restrictions in the case of Deferral" shall apply.

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

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

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer and the Guarantor or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK 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.

Investing in the Securities involves certain risks. Investors should be aware that there are various other risks relating to the Securities, the Issuer, the Guarantor and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Securities. See "Risk Factors" beginning on page 18 for a discussion of certain factors to be considered in connection with an investment in the Securities.

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

For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "Subscription and Sale".

The Securities are expected to be rated "Baa1" by Moody's Investors Service, Inc. ("Moody's") and "Aa2" by China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). Such rating of the Securities does not constitute a recommendation by Moody's or CCXAP to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by Moody's or CCXAP. The Guarantor is rated "Baa1" by Moody's, "BBB+" by Standard & Poor's Ratings Services ("S&P"), "BBB+" by Fitch Ratings Ltd. ("Fitch") and "Aa2" by CCXAP. Such rating should be evaluated independently of any other rating of the other securities of the Issuer and the Guarantor.

The Securities are perpetual securities in respect of which there is no fixed redemption date. The Issuer may redeem in whole, but not in part, the Securities on the First Call Date or any Distribution Payment Date after the First Call Date at the principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)). The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at the relevant prices specified in "Terms and Conditions of the Securities – Redemption and Purchase" upon the occurrence of (a) certain changes affecting taxes of any Relevant Jurisdiction or any political subdivision or any authority therein having power to tax or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), (b) any change or amendment to the official interpretation of Relevant Accounting Standards such that the Securities in whole or in part must not or must no longer be recorded as "equity" of the Issuer or the Guarantor pursuant to the Relevant Accounting Standards, (c) a Change of Control, (d) a Breach of Covenant Event, (e) a Relevant Indebtedness Default Event, or (f) at least 80 per cent. in principal amount of the Securities originally issued having been cancelled prior to the date fixed for redemption.

The Securities will be represented in a global certificate (the "Global Certificate") in registered form, which will be registered in the name of a nominee for, and deposited with a common depository for, Euroclear Bank SA/NV ("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 Securities will not be issued in exchange for interests in the Global Certificate.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

BOC International

DBS Bank Ltd.

Joint Bookrunners and Joint Lead Managers

**Industrial Bank Co., Ltd.
Hong Kong Branch**

CMB International

**China CITIC Bank
International**

ICBC International

**Guotai Junan
International**

Offering Circular dated 12 April 2021

IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor 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 and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, the Securities, and the Guarantee of the Securities which is material in the context of, the issue and offering of the Securities; (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) the statements of fact contained herein are in every material particular true and accurate and not misleading and there are no other facts in relation to the Issuer, the Guarantor, the Group, the Securities and the Guarantee of the Securities, the omission of which would in the context of the issue of the Securities make any statement herein misleading; (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances; and (v) all reasonable enquiries have been and will be made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such statements. In addition, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, BOCI Asia Limited and DBS Bank Ltd. as joint global coordinators, joint bookrunners and joint lead managers, and Industrial Bank Co., Ltd. Hong Kong Branch, CMB International Capital Limited, China CITIC Bank International Limited, ICBC International Securities Limited and Guotai Junan Securities (Hong Kong) Limited as joint bookrunners and joint lead managers (together, the “**Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities, the giving of the Guarantee of the Securities or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, the Guarantor giving the Guarantee of the Securities and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, PRC, Singapore and Japan, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see “Subscription and Sale”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor or any of the Guarantor’s subsidiaries, the Securities, or the Guarantee of the Securities 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 Managers, the Trustee or the Agents (in each case as defined in the Terms and Conditions of the Securities) or any of their respective affiliates, directors, employees, agents or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them or since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the

Managers, the Trustee or the Agents or any of their respective affiliates to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Securities. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective directors officers, employees, affiliates, advisers or agents. To the fullest extent permitted by law, the Managers, the Trustee and the Agents and any of their respective directors, officers, employees, affiliates, advisers or agents do not accept any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers or on their behalf in connection with the Guarantor, the Issuer, the Group or the issue and offering of the Securities. Each of the Managers, the Trustee and the Agents and any of their respective directors, officers, employees, affiliates, advisers or agents accordingly disclaim 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 statement herein. None of the Managers, the Trustee or any Agent undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group after the date of this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Managers, the Trustee or any Agent. None of the Managers, the Trustee nor any Agent has independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Each of the Managers, the Trustee and the Agents and any of their respective directors, officers, employees, affiliates, advisers or agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of the Offering Circular or any such statement. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Group, the Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, ANY OF THE JOINT GLOBAL COORDINATORS APPOINTED AND ACTING IN ITS CAPACITY AS THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) (THE “STABILISATION MANAGER”) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISATION

IF COMMENCED MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Securities. The Issuer, the Guarantor, the Group, the Managers, the Trustee and the Agents and their respective directors, officers, employees, advisers, agents or affiliates are not making any representation to any purchaser of Securities regarding the legality of any investment in the Securities by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any person affiliated with the Managers in connection with its investigation of the accuracy of such information or its investment decision.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309(B)(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defines in section 309A of the SFA) that the Securities are “prescribed capital markets products” (as defines in the Securities and Futures (Capital Markets Products) Regulations 2018).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

All non-company specific statistics and data relating to the Group's industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. The Issuer and the Guarantor believe that the sources of this information are appropriate for such information and each of the Issuer and the Guarantor has taken reasonable care in extracting and reproducing such information. Each of the Issuer and the Guarantor has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, this information has not been independently verified by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents and none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents makes any representation as to the correctness, accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Unless otherwise indicated, all references in this Offering Circular to "China" or the "PRC" are to the People's Republic of China and, for the purpose of this Offering Circular only, exclude, Hong Kong, Macau SAR of the PRC and Taiwan, all references to "Hong Kong" are to the Hong Kong SAR of China.

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.

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we", "us", "our", the "Group" and words of similar import, we are referring to Metallurgical Corporation of China Ltd., including its consolidated subsidiaries, or the MCC Group, as the context so requires; when we use the term "MCC Group", we are referring to China Metallurgical Group Corporation and its subsidiaries, including Metallurgical Corporation of China Ltd.; when we use the term "China Minmetals", we are referring to China Minmetals Corporation and its subsidiaries.

Unless otherwise specified or the context requires, references herein to "Renminbi", "RMB" or "CNY" are to the lawful currency of the PRC, references herein to "Hong Kong dollars", "HK dollars", "HK\$", "HK cents" or "HK¢" are to the lawful currency of Hong Kong and references herein to "U.S. dollars", "U.S.\$", "USD", "US cents" or "US¢" are to the lawful currency of the United States of America. In addition, references herein to the financial ratios of the Guarantor and defined terms used in the calculation of such ratios may differ from those in the "*Terms and Conditions of the Securities*".

Solely for your convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.5250 to U.S.\$1.00, the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the "**Federal Reserve Board**") (the "**Noon Buying Rate**") on 31 December 2020. Further information on exchange rates is set forth in "*Exchange Rates*". You should not construe these translations as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all.

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 have been prepared and presented in accordance with the Accounting Standards for Business Enterprises promulgated by Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (the “**PRC GAAP**”), and disclosure requirements in Preparation Convention for Information Disclosures by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting (2014 Revised)(**公開發行證券的公司資訊披露編報規則第15號–財務報告的一般規定**) issued by China Securities Regulatory Commission, which differs in certain respects from the International Financial Reporting Standards (“**IFRS**”). See “Difference between PRC GAAP and International Financial Reporting Standards”. As the Guarantor has never prepared consolidated financial statements in accordance with IFRS, this Offering Circular does not contain a reconciliation of the PRC GAAP consolidated financial statements to the IFRS consolidated financial statements of the Guarantor. The 2018 and 2019 Guarantor’s Audited Financial Statements (as defined below) have been audited by Deloitte Touche Tohmatsu CPA LLP, independent auditors of the Guarantor for the years ended 31 December 2018 and 2019, who have noted the inclusion of their audit reports and consented to the inclusion of their name appearing in this Offering Circular. The Guarantor’s 2020 Guarantor’s Audited Financial Statements (as defined below) have been audited by WUYIGE Certified Public Accountants LLP, independent auditors of the Guarantor, who have noted the inclusion of their audit report and consented to the inclusion of their name appearing in this Offering Circular.

The consolidated financial statements of the Guarantor together with the notes to the financial statements as at and for the years ended 31 December 2018 and 2019 (the “**2018 and 2019 Guarantor’s Audited Financial Statements**”) and the year ended 31 December 2020 (the “**2020 Guarantor’s Audited Financial Statements**”, together with the 2018 and 2019 Guarantor’s Audited Financial Statements, the “**Guarantor’s Financial Statements**”) have only been prepared in Chinese. The Guarantor has prepared an English translation of the Guarantor’s Financial Statements which is included in the Offering Circular for reference only (the “**English Translated Guarantor’s Financial Statements**”). The English Translated Guarantor’s Financial Statements, which do not themselves constitute audited financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in the Guarantor’s Financial Statements. None of the Managers or any of their respective officers, employees, affiliates, advisers or agents has independently verified or checked the accuracy of the English Translated Guarantor’s Financial Statements and can give no assurance that the information contained in the English Translated Guarantor’s Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor.

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 set forth in this Offering Circular is extracted from the English Translated Guarantor’s Financial Statements. Such financial information is qualified in their entirety by, are subject to and should be read in conjunction with, the Guarantor’s Financial Statements together with the auditor’s report in respect of the consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 prepared in Chinese, as contained in the 2019 annual report and 2020 annual results of the Guarantor which can be found on the website of Hong Kong Exchanges and Clearing Limited (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501297.pdf>, <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0329/2021032901644.pdf>, respectively).

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

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Offering Circular regarding, among other things, our financial conditions, future expansion plans and business strategy. These forward-looking statements are based on our current expectations about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business prospects and capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our 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 we operate;
- various business opportunities that we may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- those other risks identified in the “*Risk Factors*” section of 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. We 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 our 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. We 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 our expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

TABLE OF CONTENTS

	Page
SUMMARY	1
THE ISSUE	6
SUMMARY HISTORICAL FINANCIAL INFORMATION OF THE GUARANTOR	14
RISK FACTORS	18
TERMS AND CONDITIONS OF THE SECURITIES	57
THE GLOBAL CERTIFICATE	82
USE OF PROCEEDS	83
EXCHANGE RATE	84
CAPITALISATION OF THE GUARANTOR	85
DESCRIPTION OF THE ISSUER	86
DESCRIPTION OF THE GROUP	87
DIRECTORS AND MANAGEMENT	123
SHAREHOLDER OF THE GUARANTOR	131
PRC REGULATIONS	132
DIFFERENCE BETWEEN PRC GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS	137
TAXATION	138
SUBSCRIPTION AND SALE	143
GENERAL INFORMATION	148

SUMMARY

This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Securities. Prospective investors should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

THE ISSUER

The Issuer was incorporated with limited liability in Hong Kong on 24 May 2011. The registered office of the Issuer is Rooms 3202-3, 32/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The authorised share capital of the Issuer is U.S.\$1,000,000, divided into 1,000,000 ordinary shares of U.S.\$1.00 each. 1,000,000 ordinary shares have been issued and paid up.

As at the date of this Offering Circular, we hold the entire issued share capital in the Issuer and the Issuer has no subsidiaries.

The Issuer was established for the purpose of the financing and development of our overseas projects and transactions. Since its incorporation, the Issuer has not engaged in any other material business activities other than those relating to the issue of certain guaranteed notes in 2011, the issue of 2.625% credit enhanced bonds due 2017 in the aggregate principal amount of U.S.\$500,000,000 (the “**June 2014 Bonds**”) in June 2014, the issue of 2.50% credit enhanced bonds due 2017 in the aggregate principal amount of U.S.\$500,000,000 (the “**August 2014 Bonds**”) in August 2014, the issue of 2.95% guaranteed bonds due 2020 in the aggregate principal amount of U.S.\$500,000,000 (the “**May 2017 Bonds**”) in May 2017, the issue of the 2.95% guaranteed bonds due 2020 in the aggregate principal amount of U.S.\$500,000,000 (the “**July 2017 Bonds**”) in July 2017, the incurrence of other debts with an aggregate principal amount of approximately U.S.\$138,000,000, the issue of U.S.\$500,000,000 4.95% senior guaranteed perpetual securities (the “**2018 Securities**”), the placement of U.S.\$600,000,000 3.5% subordinated guaranteed perpetual securities (the “**2020 Placement**”), the issue of U.S.\$400,000,000 3.25% subordinated guaranteed perpetual securities (the “**2020 Securities**”), the incurrence of other debts with an aggregate principal amount of approximately U.S.\$80,000,000, the proposed issue of the Securities, the financing and development of our overseas projects and transactions and the authorisation and execution of documents and agreements referred to in this Offering Circular to which it is or will be a party. In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further notes and engage in business activities related to our businesses and may incur substantial liabilities and indebtedness.

The directors of the Issuer as at the date of this Offering Circular are Ms. Zou Hongying and Mr. Zhu Bolin.

Saved as disclosed in our 2020 annual results and as at the date of this Offering Circular, as far as the Issuer is aware, the directors of the Issuer do not have any interest or short position in the shares, underlying shares or debenture of the Issuer or of any associated corporation.

THE GROUP

Overview

We are one of the largest comprehensive groups of engineering and construction in the PRC and the world. We were established by China Metallurgical Group Corporation and Baosteel on 1 December 2008, and we were listed on both the Shanghai Stock Exchange (Stock Code 601618.SH) and the Hong Kong Stock Exchange (Stock Code 1618.HK) in September 2009. For the three years ended 31 December 2018, 2019 and 2020, we accounted for approximately 100%, 100% and 100%, respectively, of the total revenue and 98%, 98% and 98%, respectively, of the total assets of the MCC Group. The

MCC Group, which holds us as its core asset, ranked the 8th in terms of revenue in the 2020 ENR's Top 250 Global Contractors List. We operate in various specialised sectors, across different industries and in many countries. We operate the following four main business segments:

- Engineering and construction, which involves the provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects;
- Property development, which comprises the development and sale of commodity residential and commercial properties, affordable housing and primary land development;
- Resources development, which comprises the development, mining and processing of mineral resources and the production of polysilicon; and
- Equipment manufacturing, which primarily consists of the development and production of metallurgical equipment, steel structures and other metal products.

We are one of the largest metallurgical engineering contractors in the world, with comprehensive ferrous metallurgy and non-ferrous metallurgy industrial chains for scalable operation. As a leading company in the area of construction for the metallurgical industry in China, we have participated in the planning, design or construction of the primary production facilities for substantially all of the medium- and large-scale iron and steel enterprises in China, including Baosteel, Tata Steel, Alliance Steel, FHS, Pangang, Shougang Group, Baogang Group, Wusteel, Magang, HBIS, Rizhao Steel, Hebei Zongheng Iron and Steel Group and Jinchuan Group. As at 31 December 2020, we have approximately 90% domestic metallurgical market share and an international metallurgical market share of 60%. In addition, as a leading company in the sector of non-ferrous metallurgical engineering in China, we own one of the largest non-ferrous metallurgical design institutions in China, China ENFI Engineering Co., Ltd., and have provided planning, design, construction and other services for many medium- and large-scale non-ferrous metal resources enterprises in China. Furthermore, through our years of construction experience in metallurgical engineering, we have established our core technologies related to all aspects of metallurgical engineering and have developed strong design and construction capabilities, which has enabled us to engage also in building construction, transportation infrastructure and other non-metallurgical engineering and construction operations.

In the past three years, we adjusted our operations to focus more on non-metallurgical operations in response to the downturn of the metallurgical engineering and construction market. We focused on non-metallurgical engineering sectors such as transport and municipal infrastructure, premium property construction, environmental engineering and alternative energy, integrated piping system, theme park construction, sponge city, beautiful countryside and smart city to establish our new competitive edges and have completed a batch of major projects with significant influence in the industry. While we continued to strengthen and further develop our traditional business in engineering and construction, we have actively expanded our other businesses by leveraging our advantages in technology, capital resources and scale. To date, we have successfully established other operations, including property development, resources development and equipment manufacturing, forming several interrelated and complementary business segments with significant operational synergies.

For the years ended 31 December 2018, 2019 and 2020, our total operating revenue amounted to RMB289.5 billion, RMB338.6 billion, and RMB400.1 billion, respectively. For the years ended 31 December 2020, our gross profit margin for the engineering and construction business segment, property development business segment, resources development business segment and equipment manufacturing business segment was 10.2%, 20.7%, 28.2% and 13.9%, respectively. As at 31 December 2018, 2019 and 2020, our total assets amounted to RMB438.9 billion, RMB458.5 billion, and RMB506.4 billion, respectively. For the three years ended 31 December 2018, 2019 and 2020, the aggregate value of new contracts we entered into was RMB665.7 billion, RMB787.6 billion and RMB1,019.7 billion, respectively.

We have been actively expanding our business overseas. For the years ended 31 December 2018, 2019 and 2020, the value of our newly signed overseas engineering and construction contracts amounted to RMB44.3 billion, RMB40.6 billion and RMB31.9 billion, respectively.

Strategic Restructuring with China Minmetals

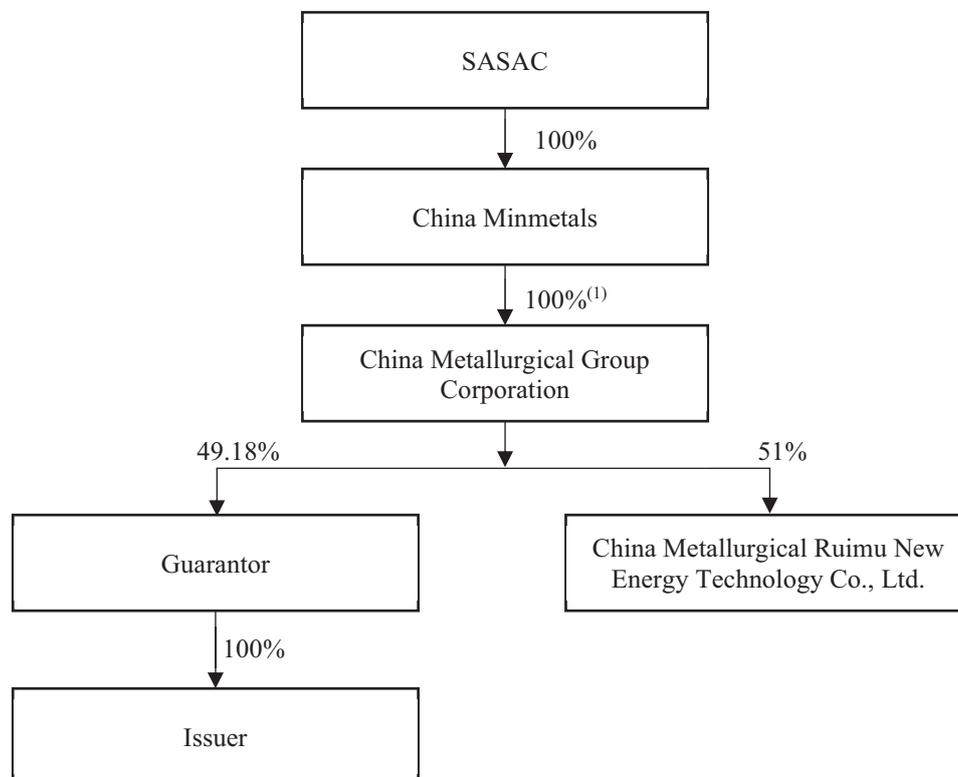
On 8 December 2015, we received a notice from the MCC Group that, pursuant to an overall arrangement made by the Central Committee of the Communist Party of China and the State Council on the comprehensively deepening reform and the general requirements of the reform of state-owned enterprises, the State-owned Assets Supervision and Administration Commission (the “**SASAC**”) of the State Council approved the strategic restructuring between the MCC Group and China Minmetals, whereby the entire MCC Group will be consolidated into China Minmetals, which is wholly owned by SASAC of the State Council (the “**Strategic Restructuring**”). It remains unchanged that the MCC Group is our controlling shareholder and the SASAC of the State Council is our ultimate controller. The China Securities Regulatory Commission (the “**CSRC**”) and the Securities and Futures Commission have exempted the obligation to make a mandatory general offer for our shares due to the Strategic Restructuring of China Minmetals. The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

The Strategic Restructuring is expected to increase our competitiveness and allow us to influence the metals and mining industries both in the PRC and globally, thereby laying the foundation for the formation of a world-class metals and mining conglomerate. Further to the completion of the Strategic Restructuring, we believe it will be strategically positioned to enhance, protect and secure China’s metal and mineral resources supply, promote innovation and industrial upgrading and support the implementation of China’s “Going Global” strategy and the “Belt and Road” initiative.

The successful completion of the Strategic Restructuring also serves to promote further reform and restructuring of the domestic steel and non-ferrous metals industries and other industries in China in furtherance of the Chinese government’s aim to strengthen and optimise the operations and functions of state-owned enterprises. The Strategic Restructuring demonstrates SASAC’s support for the reform of state-owned enterprises and SASAC’s goal to develop us into a strategically important conglomerate.

SHAREHOLDING STRUCTURE

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



Note:

- (1) The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- We are one of the largest engineering and construction companies in the world.
- We have strong support from the PRC government.
- We have prudent financial policies.
- We possess strong research and development capabilities and core competence in technologies.
- We have strong credit and financial support from multiple channels.
- We have experienced corporate management and has a distinguished team of industry experts and technical staff.

STRATEGIES

The following are our strategies:

- Being the national team for metallurgical construction.
- Being the major force for fundamental construction.
- Being the forerunner of the emerging industries.
- Long-term adherence to pursuing the path for the quality development of advanced technologies.

THE ISSUE

The following contains summary information about the Securities 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 Securities” and “The Global Certificate” shall have the same meanings in this summary. For a more complete description of the terms of the Securities, see “Terms and Conditions of the Securities”.

Issuer	MCC Holding (Hong Kong) Corporation Limited. (The Legal Entity Identifier (LEI) code of the Issuer is 3003003MYAMH4UDT1B96.)
Guarantor	Metallurgical Corporation of China Ltd. (601618.SH, 1618.HK)
Issue	U.S.\$500,000,000 aggregate principal amount of 2.95 per cent. Senior Guaranteed Perpetual Securities.
Guarantee	The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be from time to time payable by the Issuer and in respect of the Securities.
Issue Price	100.0 per cent.
Form and Denomination	The Securities will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Distribution	Subject to Condition 4(d) (<i>Distribution – Distribution Deferral</i>) and Condition 4(e) (<i>Increase in Distribution Rate following occurrence of certain events</i>), the Securities confer a right to receive distribution (each a “ Distribution ”) from the Issue Date at the Distribution Rate in accordance with Condition 4. Subject to Condition 4(d) (<i>Distribution – Distribution Deferral</i>) and Condition 4(e) (<i>Increase in Distribution Rate following occurrence of certain events</i>), Distribution shall be payable on the Securities semi-annually in arrear on 20 October and 20 April of each year (each, a “ Distribution Payment Date ”), commencing on 20 October 2021.
Distribution Rate	Subject to any increase pursuant to Condition 4(e) (<i>Distribution – Increase in Distribution Rate following occurrence of certain events</i>), the rate of distribution (“ Distribution Rate ”) applicable to the Securities shall be: (a) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 20 April 2024 (the “ First Call Date ”), the Initial Distribution Rate (being 2.95 per cent. per annum); and (b) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

Pursuant to Condition 4(e) (*Distribution – Increase in Distribution Rate following occurrence of certain events*) of the Terms and Conditions of the Securities, upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Securities has been given by the Issuer to Holders (in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Securities), the Trustee and the Principal Paying Agent pursuant to Condition 5 (*Redemption and Purchase*) of the Terms and Conditions of the Securities by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, *provided that* the maximum aggregate increase in the Distribution Rate shall be 3.00 per cent. per annum, as further described in “*Terms and Conditions of the Securities – Distribution – Increase in Distribution Rate following occurrence of certain events*”.

Distribution Deferral The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an “**Optional Deferral Notice**”) to the Holders (in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Securities), the Trustee and the Principal Paying Agent in writing not more than 10 business days nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (a “**Optional Deferral Event**”).

No Obligation to Pay The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) (*Distribution – Distribution Deferral – Optional Deferral*) of the Terms and Conditions of the Securities.

Cumulative Deferral. Any Distribution deferred pursuant to Condition 4(d) (*Distribution – Distribution Deferral*) of the Terms and Conditions of the Securities shall constitute “**Arrears of Distribution**”. Each amount of Arrears of Distribution shall accrue Distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate. The amount of such Distribution (the “**Additional Distribution Amount**”) accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i) (*Distribution – Distribution Deferral – Optional Deferral*) of the Terms and Conditions of the Securities) to further defer (in whole or in part) any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution set out in Condition 4(d)(i) (*Distribution – Distribution Deferral – Optional Deferral*) of the Terms and Conditions of the Securities and is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred.

Restrictions in the case of Deferral

Each of the Issuer and the Guarantor undertakes that, unless on any Distribution Payment Date payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities, any Arrears of Distribution and any Additional Distribution Amount) is made in full:

- (a) it shall not declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, in each case, on any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or
- (b) it shall not, at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount or (y) the Issuer or the Guarantor is otherwise permitted to do so by an Extraordinary Resolution of the Holders.

Issue Date 20 April 2021.

Maturity Date There is no maturity date.

Status of the Securities and
Guarantee of the Securities

The Securities constitute direct, general, unconditional and (subject to Condition 3 (*Negative Pledge and Other Covenants*)) unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without any priority among themselves and at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Securities constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge and Other Covenants*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application

Taxation.

All payments of principal, premium (if applicable) and Distributions (including any Arrears of Distribution or any Additional Distribution Amount) in respect of the Securities, the Trust Deed or under the Guarantee of the Securities by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, “**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law.

Where such withholding or deduction is made by the Issuer or (as the case may be) the Guarantor by or within the PRC up to the rate applicable on 12 April 2021 (the “**Applicable Rate**”), the Issuer or the Guarantor, as the case may be, will pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been receivable by them had no such withholding or deduction been required.

If the Issuer or the Guarantor is required to make (i) such deduction or withholding by or within the PRC, in excess of the Applicable Rate or (ii) any deduction or withholding by or within Hong Kong, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions. See “*Terms and Conditions of the Securities – Taxation*”.

Negative Pledge and Other
Covenants

The Securities contain a negative pledge provision and other covenants, as further described in Condition 3 of the Terms and Conditions of the Securities.

Redemption at the Option of the Issuer The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date.

Redemption for Tax Reasons The Securities 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' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)), in the event of certain changes affecting the taxes of any Relevant Jurisdiction, as further described in Condition 5(c) (*Redemption and Purchase – Redemption for tax reasons*) of the Terms and Conditions of the Securities.

Redemption for Accounting Reasons The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at:

- (a) 101 per cent. of their principal amount together with Distribution accrued to, but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, at any time before the First Call Date; or
- (b) their principal amount, together with Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date,

if, immediately before giving such notice, the Issuer notifies the Trustee that an Accounting Event has occurred.

“**Accounting Event**” means the occurrence of any changes or amendments to, or a change or amendment to any official interpretation of, PRC GAAP or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Issuer’s or the Guarantor’s consolidated financial statements (the “**Relevant Accounting Standards**”), the Securities in whole or in part must not or must no longer be recorded as “**equity**” of the Issuer or the Guarantor pursuant to the Relevant Accounting Standards;

Redemption for Change of Control	Following the occurrence of a Change of Control Event, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at 101 per cent. of their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)), as further described in Condition 5(e) (<i>Redemption and Purchase – Redemption for Change of Control</i>) of the Terms and Conditions of the Securities.
Redemption on the occurrence of a Breach of Covenant Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event.
Redemption on the occurrence of a Relevant Indebtedness Default Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to, but excluding, the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.
Limited rights to institute proceedings	No Holder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up of the Issuer or the Guarantor or claim in the liquidation of the Issuer or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in Condition 8 (<i>Non-Payment</i>) of the Terms and Conditions of the Securities.

Proceedings for Winding-Up	If (i) there is a Winding-Up of the Issuer or the Guarantor, or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of 14 days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Trust Deed, the Guarantee of the Securities and the Securities and the Trustee may, subject to the provisions of Condition 8(d) (<i>Non-Payment – Entitlement of Trustee</i>), institute proceedings for the Winding-Up of the Issuer or the Guarantor and/or prove in the Winding-Up of the Issuer or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.
Clearing Systems	The Securities will be represented 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 depository for Euroclear and 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 Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2325182512 Common Code: 232518251
Further Issues	Subject to compliance with Condition 3(b) (<i>Filings</i>) of the Terms and Conditions of the Securities, the Issuer may from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (except for the Issue Date, the issue price, the first payment of Distribution and the timing for reporting to the NDRC and filing with SAFE) so as to form a single series with the Securities.
Governing Law	The Securities, the Deed of Guarantee, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Securities, the Deed of Guarantee are governed by English law.
Trustee	Citicorp International Limited.
Registrar, Calculation Agent, Principal Paying Agent, and Transfer Agent	Citibank, N.A., London Branch.
Listing	Application has been made to list the Securities on the SEHK for the listing of the Securities by way of debt issue to Professional Investors only.

Ratings The Securities are expected to be rated “Baa1” by Moody’s and “Ag+” by CCXAP. Such rating of the Securities does not constitute a recommendation by Moody’s or CCXAP to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by Moody’s or CCXAP. The Guarantor is rated “Baa1” by Moody’s, “BBB+” by S&P, “BBB+” by Fitch and “Ag+” by CCXAP.

Use of Proceeds See “*Use of Proceeds*”.

SUMMARY HISTORICAL FINANCIAL INFORMATION OF THE GUARANTOR

The consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018 and 2019 have been audited by Deloitte Touche Tohmatsu CPA LLP, who have noted the inclusion of their audit reports and consented to the inclusion of their name appearing in this Offering Circular. The consolidated financial statements of the Guarantor as at and for the year ended 31 December 2020 have been audited by WUYIGE Certified Public Accountants LLP, who have noted the inclusion of their audit report and consented to the inclusion of their name appearing in this Offering Circular.

The consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 as set out in the Index to the Consolidated Financial Statements to this Offering Circular and other financial information of the Guarantor which appears elsewhere in this Offering Circular were prepared and presented in accordance with PRC GAAP, which differs in certain respects from IFRS. See “*Difference between PRC GAAP and International Financial Reporting Standards*”. As the Guarantor has never prepared consolidated financial statements in accordance with IFRS, this Offering Circular does not contain a reconciliation of the PRC GAAP consolidated financial statements to the IFRS consolidated financial statements of the Guarantor.

The English Translated Guarantor’s Financial Statements have been prepared and included in this Offering Circular for reference only. The English Translated Guarantor’s Financial Statements, which do not themselves constitute audited financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in the Guarantor’s Financial Statements. None of the Managers or any of their respective officers, employees, affiliates, advisers or agents has independently verified or checked the accuracy of the English Translated Guarantor’s Financial Statements and can give no assurance that the information contained in the English Translated Guarantor’s Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor. See “*Presentation of Financial Information*” of this Offering Circular for more details.

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 set forth in this Offering Circular is extracted from the English Translated Guarantor’s Financial Statements. Such financial information is qualified in their entirety by, are subject to and should be read in conjunction with, the Guarantor’s Financial Statements together with the auditor’s report in respect of the consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 prepared in Chinese, as contained in the 2019 annual report and 2020 annual results of the Guarantor which can be found on the website of Hong Kong Exchanges and Clearing Limited (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501297.pdf>, <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0329/2021032901644.pdf>, respectively).

SUMMARY CONSOLIDATED INCOME STATEMENT OF THE GUARANTOR

	Year ended 31 December		
	2018	2019	2020
		(RMB'000)	
Total operating revenue	289,534,523	338,637,609	400,114,623
Including: Operating revenue	289,534,523	338,637,609	400,114,623
Total operating costs	276,008,889	325,246,672	384,200,258
Including: Operating costs	253,121,966	299,247,115	354,685,571
Taxes and levies	2,412,583	1,896,372	1,967,862
Selling expenses	2,108,541	2,315,815	2,441,204
Administrative expenses	8,569,093	9,354,662	11,011,320
Research and development expenses	7,182,666	9,934,444	12,326,903
Financial expenses	2,614,040	2,498,264	1,767,398
Impairment losses of assets	(1,165,150)	(939,749)	(593,338)
Impairment losses of credit	(2,671,338)	(2,418,539)	(3,086,669)
Investment (loss)/income	(262,199)	(987,178)	(1,139,662)
Gains from disposal of assets	138,415	67,810	232,899
Other income	237,653	241,945	451,602
Operating profit	9,832,014	9,342,416	11,813,020
Add: Non-operating income	449,866	523,777	475,004
Less: Non-operating expenses	757,436	84,035	370,754
Total profit	9,524,444	9,782,158	11,917,270
Less: Income tax expenses	1,953,837	2,205,339	2,534,913
Net profit	7,570,607	7,576,819	9,382,357
Net profit attributable to shareholders of the Company	6,371,580	6,599,712	7,862,185
Profit or loss attributable to non-controlling interests	1,199,027	977,107	1,520,172

CONSOLIDATED BALANCE SHEET OF THE GUARANTOR

	Year ended 31 December		
	2018	2019	2020
		(RMB'000)	
Current Assets:			
Cash and bank balances	44,477,302	43,677,662	53,095,827
Financial assets held for trading	1,124,150	2,162,432	2,250,940
Financial assets at fair value through profit or loss	—	—	—
Derivative financial assets	2,365	401	46,412
Bills receivable	18,363,632	7,918,027	6,646,606
Accounts receivable	66,958,297	66,026,606	69,436,480
Receivables at fair value through other comprehensive income	2,072,511	7,855,940	11,759,582
Prepayments	20,285,773	24,705,845	34,369,714
Other receivables	56,385,242	57,290,123	64,225,288
Inventories	57,608,321	60,636,905	60,581,435
Contract assets	66,719,549	72,800,575	83,199,483
Non-current assets due within one year	3,498,610	2,078,913	1,499,007
Other current assets	1,924,819	2,282,530	2,142,781
Total Current Assets	<u>339,420,571</u>	<u>347,435,959</u>	<u>389,253,555</u>
Non-current Assets:			
Available-for-sale financial assets	—	—	—
Held-to-maturity investments	—	—	—
Long-term receivables	21,620,682	24,326,794	25,576,642
Long-term equity investments	13,854,855	21,834,366	25,676,955
Investments in other equity instruments	1,867,964	1,871,747	1,964,664
Other non-current financial assets	4,214,624	4,171,068	4,418,546
Investment properties	5,392,133	5,763,796	5,641,674
Fixed assets	27,370,040	26,121,239	24,684,160
Construction in progress	3,379,971	4,426,518	4,915,570
Right-of-use assets	—	540,522	473,971
Intangible assets	16,133,729	15,796,873	17,491,859
Goodwill	163,179	161,523	160,928
Long-term prepayments	269,670	265,900	295,584
Deferred tax assets	5,152,432	5,618,595	5,637,114
Other non-current assets	75,993	171,313	201,741
Total Non-current Assets	<u>99,495,272</u>	<u>111,070,254</u>	<u>117,139,408</u>
TOTAL ASSETS	<u>438,915,843</u>	<u>458,506,213</u>	<u>506,392,963</u>

	As at 31 December		
	2018	2019	2020
	(RMB'000)		
Current Liabilities:			
Short-term borrowings	47,973,564	40,476,556	29,252,171
Derivative financial liabilities	496	4,230	–
Bills payable	27,751,007	31,487,132	30,472,634
Accounts payable	113,260,891	115,855,013	133,722,043
Receipts in advance	191,783	245,284	238,753
Contract liabilities	58,918,293	64,595,970	85,653,732
Employee benefits payable	1,958,161	2,037,994	2,020,325
Taxes payable	3,794,064	3,461,760	3,984,563
Interests payable	164,662	17,986	12,868
Dividends payable	1,233,385	1,627,020	916,864
Other payables	22,155,180	24,574,780	25,780,834
Non-current liabilities due within one year	14,772,502	15,683,416	12,238,104
Other current liabilities	4,811,859	5,856,396	7,498,360
Total Current Liabilities	296,985,847	305,923,537	331,791,251
Non-current Liabilities:			
Long-term borrowings	23,793,236	27,219,615	25,631,067
Bonds payable	8,512,091	1,660,000	790,000
Lease liabilities	–	302,054	237,042
Long-term payables	1,180,520	892,993	1,047,205
Long-term employee benefits payable	3,496,853	3,115,993	4,103,656
Provisions	861,739	817,931	777,275
Deferred income	1,290,126	1,582,297	1,584,325
Deferred tax liabilities	111,387	71,685	61,235
Other non-current liabilities	14,600	14,600	14,600
Total Non-current Liabilities	39,260,552	35,677,168	34,246,405
TOTAL LIABILITIES	336,246,399	341,600,705	366,037,656
Shareholders' Equity:			
Share capital	20,723,619	20,723,619	20,723,619
Other equity instruments	15,924,290	25,924,290	20,500,000
Including: Perpetual bond	15,924,290	25,924,290	20,500,000
Capital reserve	22,492,676	22,476,448	22,461,602
Other comprehensive income	(212,142)	(59,618)	(284,396)
Special reserve	12,550	12,550	12,550
Surplus reserve	1,455,419	1,748,938	2,016,768
Retained profits	23,546,950	27,123,498	32,461,495
Total shareholders' equity attributable to shareholders of the Company	83,943,362	97,949,725	97,891,638
Non-controlling interests	18,726,082	18,955,783	42,463,669
TOTAL SHAREHOLDERS' EQUITY	102,669,444	116,905,508	140,355,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	438,915,843	458,506,213	506,392,963

SELECTED OTHER FINANCIAL DATA OF THE GUARANTOR

	As at and for the year ended 31 December		
	2018	2019	2020
Other financial data:			
Adjusted EBITDA ⁽¹⁾ (RMB in billions)	23.4	23.9	27.2
Adjusted EBITDA Margin ⁽²⁾	8%	7%	7%
Adjusted EBITDA/Adjusted interest expense ⁽³⁾	3.2	3.5	5.3
Adjusted Net Debt ⁽⁴⁾ /Adjusted Total Equity ⁽⁶⁾	80.5%	76.7%	32.7%
Adjusted Debt ⁽⁵⁾ /Adjusted EBITDA	4.9	4.7	3.4
Adjusted Net Debt/Adjusted EBITDA	3.0	2.9	1.4
Adjusted Debt/Total Capital ⁽⁷⁾	56.9%	55.5%	43.5%
Adjusted Net Debt/Total Capital	34.7%	34.1%	18.5%

- (1) Adjusted EBITDA for any year consists of gross profit less taxes and levies less selling, general and administrative expenses plus interest income, government grants, cash receipts from investment income, annual lease rentals, annual borrowing costs capitalised in properties under development and defined benefit costs recognised in profit or loss. EBITDA is not a standard measure under PRC GAAP. 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 our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that 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. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our 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 our EBITDA to EBITDA presented by other companies because not all companies use the same definition.
- (2) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by the amount of the total operating revenue for the relevant years, correct to nearest integer.
- (3) Adjusted Interest Expense is calculated by adding reported interest expenses and dividend to perpetual bondholders and capitalized interest.
- (4) Adjusted Net Debt is calculated by deducting cash balances from the Adjusted Debt.
- (5) Adjusted Debt consists of short-term borrowings, long-term borrowings (including those due within 1 year), bonds payable (including those due within 1 year), short-term bonds, finance lease payable, Post-employment benefits net liability arising from defined benefit plan, perpetual bonds and external guarantee (excluding real estate bank mortgage guarantee).
- (6) Adjusted Total Equity is calculated by deducting perpetual bond from Total Shareholders' Equity.
- (7) Total Capital consists of Adjusted Debt and Adjusted Total Equity.

RISK FACTORS

Any investment in the Securities is subject to a number of risks. Prior to investing in the Securities, prospective investors should carefully consider risk factors associated with any investment in the Securities, our business and the industries in which we operate together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the section titled “Terms and Conditions of the Securities” or elsewhere in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Securities and should be used as guidance only. Additional risks and uncertainties relating to us that are not currently known to us or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on our business, prospects, results of operations and/or financial position and, if any such risk should occur, the price of the Securities may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Securities is suitable for them in light of the information in this Offering Circular and their personal circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is vulnerable to downturns in the industries in which we operate or which we serve.

Demand for our services and products depends on the general level of activity and growth in the industries in which we operate, including, among others, the engineering and construction, property development, resources development and equipment manufacturing industries, as well as in the industries which we serve, such as the iron and steel, building construction, civil and public services, transportation and other infrastructure-related industries. Factors which may influence the performance and growth of the construction industry include general economic conditions, governmental investment plans, mortgage and interest rates, inflation, demographic trends and consumer confidence. An economic downturn and a downturn in any of the industries it serves in our engineering and construction business and equipment manufacturing business will generally lead to a decrease in the number of new engineering and construction projects available to us as well as delays in or cancellations of our ongoing projects. Economic downturns in China and worldwide will also likely result in decreased demand or lower prices for the mineral products of our resources development business. Moreover, our property development business depends heavily on the performance of the property market in China, particularly, in Beijing, Shanghai, Tianjin, Chongqing and Nanjing and certain other markets where we currently have or will have operations. Demand for private properties in China had generally grown rapidly during the past three years. The PRC government has implemented a series of policies and measures in order to control the growth of the property market in China. Demand for our services and products also depends on the general level of activity and growth in the industries we serve and their downstream industries, if any. These include the iron and steel, non-ferrous metals, civil and public services, transportation, environmental protection, power, chemicals, light and electronics industries. The downturn of any of these industries may lead to a decrease in the number of contracts in our engineering and construction business and equipment manufacturing business. It may also lead to a decrease in demand for and prices of various mineral products we supply, thereby resulting in lower sales volume and profitability for our resources development business.

In addition, the PRC government has from time to time adjusted its monetary, fiscal and other policies and measures to manage the rate of growth of the economy or control the overheating of the general economy or the overheating and overcapacity in particular industries or markets. As a result, the general economy in China or any particular industry in which we operate, such as the property development industry, or which it serves, such as the iron and steel industry, may grow at a lower-than-expected rate or even experience a downturn. This in turn could materially and adversely affect our business, results of operations and financial condition.

We are subject to extensive environmental, safety and health laws and regulations, and our compliance with these laws and regulations may be onerous and costly to us.

Our operations are subject to numerous environmental, safety and health laws and regulations promulgated by the PRC government and the governments of overseas jurisdictions in which we operate. For example, the mining and other activities in our resources development business often implicate various environmental protection and production safety regulations. As a result, compliance with local and national environmental regulations on such waste is a significant factor to consider in our operations.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous or may involve substantial financial and other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the relevant industry regulations as well as the environmental, health and safety laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licences or permits, termination of government contracts or suspension of our operations. Such events could impact our operating results, financial condition and reputation, all of which could adversely impact our ability to be profitable and attract new customers.

Furthermore, our compliance with the relevant discharge standards largely depends on our wastewater treatment facilities. Even though we meet relevant discharge standards, we are still not exempted from any liabilities arising from any damages caused by pollutants generated during our production. In the event that the wastewater treatment facilities require major repair and maintenance due to, among other factors, malfunctioning which will result in the wastewater treatment facilities being suspended for any prolonged period of time, our business and operations will be adversely affected.

In addition, the environmental, safety and health laws and regulations in China and other jurisdictions in which we operate continue to evolve. We cannot predict the impact of regulatory developments relating to such industry regulations or environmental, health and safety laws and regulations, nor can we guarantee that the PRC government or the governments of foreign jurisdictions in which we operate will not impose additional or stricter laws or regulations, compliance with which may cause us to incur significant costs that we may not be able to pass on to our customers. Any changes or amendments to such laws or regulations may cause us to incur additional capital expenditures, or other obligations or liabilities, which would leave us with less capital to pursue our development. Furthermore, some of the new overseas markets that we are seeking to enter may have more onerous environmental, safety and health regulations than China, and compliance with such regulations may be costly and could hinder our endeavours to enter these new overseas markets.

Our business and financial performance may be adversely affected by changes in the PRC government's policies on the iron and steel industry.

As the largest, strongest and the most long-standing metallurgical engineering and construction contractor, the iron and steel metallurgical engineering and construction is a large proportion of our business and thus are heavily reliant on the iron and steel industry despite our presence in a wide and diversified business field. Therefore, the development trend of the iron and steel industry will have a direct and material impact on our business.

In 2009, in order to address the consequences and effects of the world financial crisis, the Party Central Committee and the State Council sized up the situation and timely formulated and implemented a package plan aimed at expanding domestic demand and promoting economic growth. According to the overall requirements of “ensuring growth, boosting domestic demand and adjusting structure”, the government launched the adjustment and revitalisation plan for ten key industries including the iron and steel industry, and introduced a series of measures to promote structural adjustment such as controlling the total scale, eliminating outdated production capacities, merge & acquisition & reorganisation,

upgrading technology and independent innovation. Subsequently, the State Council issued the Opinions on Guiding Industries toward Healthy Development by Restraining Overcapacities and Redundant Construction in Certain Industries (《關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》)(Guofa [2009] No. 38)) to provide timely regulation and guidance concerning the excess capacities and excessive construction in certain industries.

Since 2010, the government has promulgated a series of industrial policies regarding the iron and steel industry. In April 2010, the State Council issued the Notice of the State Council concerning Further Eliminating Outdated Production Capacity (《國務院關於進一步加強淘汰落後產能工作的通知》)(Guofa [2010] No. 7), setting the objective to eliminate outdated facilities. In June 2010, the General Office of the State Council issued the Opinions on Further Stepping up Efforts for Energy Conservation and Emission Reduction and Speeding up the Structure Adjustment of the Steel Industry (《關於進一步加大節能減排力度加快鋼鐵工業結構調整的若干意見》)(Guofaban [2010] No. 34), stating more efforts will be put into emission reduction and structural adjustment will be accelerated in the iron and steel industry. In August 2010, the Ministry of Industry and Information Technology of the PRC (“MIIT”) published the list of enterprises of 18 industries required to eliminate outdated production capacities, in which we were not included. In 2012, the MIIT issued the Rules and Qualifications for Production and Operation of the Steel Industry (revised 2012)(《鋼鐵行業生產經營規範條件》(2012年修訂)), listing a series of requirements in respect of environment protection, energy consumption, production scale, etc with a view to promoting the standardised administration of the iron and steel industry. In March 2011, the National Congress promulgated the Twelfth Five-Year Plan, under which government policies and regulatory incentives supported the formation of a more integrated, efficient and environmentally sustainable steel industry. Furthermore, the Twelfth Five-Year Plan marks an effort by the PRC government to move away from heavy industry into strategic emerging industries, such as computing, IT, mobile communications, high-end manufacturing and fuel-efficient cars. The demand for our products, particularly steel, may be weaker in these sectors than in traditional, heavy industry manufacturing enterprises. The shift in industrial policy in the Twelfth Five-Year Plan may affect demand for our products.

The strategic transformation of the iron and steel industry will have certain impacts on the iron and steel metallurgical engineering and construction industry. The PRC government may from time to time adopt new policies and economic measures to guide the continued growth of and further regulate the industry. These new industry policies and economic measures may have material and adverse effect on our engineering and construction and equipment manufacturing business segments.

Our major capital expenditure projects may not be completed as planned, may go beyond our original budgets or schedules, or may not achieve our anticipated economic results or commercial viability.

Historically, we have undertaken some significant capital expenditure projects, which generally require a significant amount of capital investment and take years to complete. The projects we had undertaken could be delayed or otherwise adversely affected by a number of risks or uncertainties, including, among others, those relating to market conditions, policies and regulations of the PRC and other relevant jurisdictions, availability of sufficient funding, disputes with business partners, technology and equipment suppliers and other contractors, employees, and local governments and communities, natural disasters, power and other energy supplies, availability of technical or human resources, adverse changes in the bilateral relationships between China and the relevant foreign governments, and war or other significant adverse developments in international relationships. In addition, before we commence our major capital expenditure projects, in particular, mining and other resources development-related projects, we typically conduct extensive feasibility studies, which may require significant capital outlays. However, we cannot assure you that each such planned project will ultimately be implemented or generate any profits. Moreover, actual costs for our capital expenditure projects may exceed our original budget as a result of various reasons such as delays in schedule, increases in funding costs due to volatilities in foreign exchange and interest rates, changes in original design, and increases in materials and other supplies or labour costs. In addition, our major capital expenditure projects may not

be able to achieve the anticipated economic results and commercial viability due to a variety of factors, including, for example, adverse changes in market conditions, industry downturns, lower-than-expected grade or yield of mineral reserves in respect of our mining projects, low utilisation of capacity in respect of our manufacturing facilities, high construction and production costs, and decreased demand and prices for our products and services. If any of our major capital expenditure projects is not completed as planned, goes beyond our original budgets or schedules, or fails to achieve anticipated economic results or commercial viability, our business, results of operations, financial condition and growth prospects could be materially and adversely affected.

Our business and operations require significant capital resources on an ongoing basis. Any failure to obtain sufficient funding may materially and adversely affect our business, financial performance and growth prospects.

Our operations are generally capital-intensive. We require significant capital resources to fund our operations in each of our business segments. Under most of our construction contracts, we are generally required to use our own cash and other resources to finance the performance of engineering, construction and other work before we receive progress payments from customers in amounts sufficient to cover our expenditures. For the years ended 31 December 2018, 2019 and 2020, our capital expenditures amounted to RMB5.6 billion, RMB4.1 billion and RMB3.7 billion, respectively. Significant capital expenditures are also required in relation to our resources development business to enable us to acquire and develop mineral resources, obtain exploration and mining rights and permits, and purchase and maintain mining and processing facilities and equipment both in and outside of China. In addition, we require significant capital to build, maintain and operate production facilities, purchase machinery and equipment, and develop new technologies and products for our equipment manufacturing business. With respect to our property development business, we are required to spend a significant amount of capital resources on the acquisition of land and the construction of properties.

To the extent that our funding requirements exceed our financial resources, we will be required to seek additional debt or equity financing or to defer planned expenditures. In the past, we have funded our capital requirements primarily with cash generated from our operations and through bank and other borrowings and the proceeds from the issuance of notes. As we further grow our businesses, which would include, among others, engaging in more domestic and overseas construction projects, acquiring and developing additional mining projects both in and outside of China, expanding our equipment manufacturing capabilities and capacity, and expanding our property development operations, we expect our capital requirements to increase significantly in the future. We aim to maintain flexibility in funding by keeping committed credit lines available. We finance our working capital requirements through a combination of funds generated from operations and bank and other borrowings. Generally, there is no specific credit period granted by the suppliers, but the related trade payables are normally expected to be settled within one year after receipt of goods or services. We cannot assure you that cash generated from our operations will be sufficient to fund our development and expansion. The availability of external funding is subject to various factors, including governmental approval, market conditions, credit availability, interest rates and the performance of each of the businesses we operate. If we are unable to obtain financing in a timely manner or at a reasonable cost, our expansion plans may be delayed, our projects may be hindered, and our financial performance and growth prospects may be materially and adversely affected.

Our significant levels of indebtedness could limit our ability to fund our business operations and expansion.

We are subject to a high degree of financial leverage. As at 31 December 2018, 2019 and 2020, we had total interest bearing debt of RMB94.5 billion, RMB84.1 billion and RMB67.4 billion, respectively, and our ratio of total interest bearing debt to total assets was 21.6%, 18.3% and 13.3%, respectively. For calculation of the total debt, see “*Capitalisation of the Guarantor*”. The significant level of our borrowings could limit our ability to secure funding for our operations and our future

expansion. The decrease in funds available to us could also limit our ability to respond to changing market conditions, increase our vulnerability to adverse economic and industry conditions and place us at a competitive disadvantage compared to those of our competitors that have greater capital resources.

In addition, we are often required to provide performance bonds or bank guarantees in favor of clients to secure obligations under contracts. The availability of performance bonds or bank guarantees depends on various factors, including our capitalisation, working capital, borrowing levels, past performance, management expertise and external factors such as the relevant financial institutions' evaluation of our credit, general market conditions and overall financial capacity of the financial institutions, some of which are beyond our control. We may not be able to continue obtaining new performance bonds or bank guarantees in sufficient amounts to meet our business requirements. If our financial condition deteriorates, we may also be required to provide cash collateral or other security to maintain existing performance bonds or bank guarantees. If this occurs, our ability to perform our contracts may be adversely affected.

We may experience significant increases in cost of financing.

As one of the most commonly used monetary policy tools, benchmark interest rate adjustment are more often employed by central banks of different countries to regulate the overall level of interest rates in the monetary market in a bid to influence the macro-economy operation.

Our exposure to interest rate risk relates principally to our restricted cash, cash and cash equivalents and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose us to cash flow interest-rate risk, and those restricted cash, cash and cash equivalents and borrowings at fixed rates expose us to fair value interest-rate risk. The People's Bank of China ("PBOC") determines the benchmark lending rates for RMB-denominated loans in China. Since 2012, PBOC for a number of times reduced the benchmark one-year lending rate to 4.35% as of October 24, 2015 and onwards. If PBOC raises the benchmark lending rates in order to control the growth rate of the Chinese economy or for other policy objectives in the future, the cost of our external funding could significantly increase and our fund-raising ability may thus be limited. The change in the interest rate will have a direct impact on our financing cost and profitability.

To monitor the impact of interest rate fluctuations, we continually assess and monitor our exposure to interest rate risk and enter into fixed rate borrowings arrangements. For the year ended 31 December 2020 our total interest expenses were approximately RMB2.5 billion, excluding capitalisation interest.

Failure to accurately estimate the overall risks or costs of our contracts will lead to cost overruns, lower profitability or even losses on such contracts.

We currently generate, and expect to continue to generate, a substantial portion of our revenues from contracts with a pre-agreed price relating to our engineering and construction business and equipment manufacturing business. The terms of these contracts require us to complete a project for a pre-agreed price and therefore expose us to cost overruns. Cost overruns, whether due to inflation, inefficiency, fluctuations in foreign exchange and interest rates, inaccurate estimates or other factors, result in a lower profit or a loss on a project. As a result, we will only realise profits on these contracts if, among others, it successfully estimates the project costs and avoids cost overruns. Our cost estimates are subject to a number of assumptions, including those about future economic conditions, the cost and availability of labour and materials, subcontractors' performance, facility utilisation rates, and the construction and technical standards to be applied for a subject project. However, these assumptions may prove to be inaccurate. In addition, other variations and risks inherent in the performance of contracts with a pre-agreed price such as delays caused by inclement weather, technical issues and any inability to obtain the requisite permits and approvals, may cause our actual overall risks and costs to substantially differ from our original estimates, despite any buffer we may have built into our bids for increases in labour, materials and other costs. Some of our construction contracts contain price adjustment clauses, which allow us to reclaim additional costs incurred as a result of unexpected increases in raw material costs. However, we are typically required to bear a portion of the increased

cost. We cannot guarantee that it will not encounter cost overruns or delays in our current and future construction projects. If such cost overruns or delays occur, our costs could exceed our budget or we could be required to pay liquidated damages in accordance with the terms of our contracts with a consequent reduction in, or elimination of, any profits on our contracts.

From time to time, we may need to perform extra or “change order” work in connection with our contracts. This may result in disputes over whether the work performed is beyond the scope of work included in the original project specifications, or over what price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. In addition, any delay caused by the extra work may impact the progress of our projects and our ability to meet specific contract milestone dates. We may also incur costs due to unapproved construction change orders or contract disputes. We cannot assure you that we will be able to recover the cost of the extra or “change order” work in full or at all, which may lead to business disputes, or may otherwise adversely affect our business, financial condition, results of operations and prospects. Moreover, the performance of extra work may cause delays in our other project commitments and may have a negative impact on our ability to meet the specified deadlines of our other projects.

We face risks associated with undertaking BT, BOT and other similar projects.

We have in the past undertaken, and expect to continue to undertake, a portion of our engineering and construction projects to a build-transfer (“BT”), build-operation-transfer (“BOT”) or other similar project-type basis. The risks associated with BT projects include, among others, the risk that the customer may delay, or even be unable to make, payment upon completion of the project. Likewise, BOT projects expose us to the risk of an incorrect forecast at the bidding stage concerning the turnover to be derived from operations of the constructed facility and the risk of extended exposure to fluctuating economic conditions. Reduced profitability or losses from BOT projects that do not perform as forecasted could have a material and adverse effect on our results of operations. Undertaking BT, BOT and other similar projects also requires significant capital outlays over extended periods which would have an adverse impact on our cash flow. We cannot assure you we will be effective in assessing and addressing risks particular to BT, BOT and other similar projects as our business in such projects grow. As a result, we may not be able to properly execute or handle BT, BOT and other similar projects, which could materially and adversely affect our business, financial condition and results of operations.

Our backlog is subject to unexpected adjustments and cancellations and may, therefore, not be indicative of our future operating results.

Backlog data included in this Offering Circular represents our estimate of the contract value of work that remains to be completed as at a certain date. Backlog is not a measure defined by generally accepted accounting principles and backlog may not be indicative of future operating results. The contract value of a project or other transaction represents the amount as at the relevant date we expect to receive assuming our performance is in accordance with the terms of the contract. As at 31 December 2018, 2019 and 2020, the aggregate backlog of our engineering and construction business amounted to RMB926.3 billion, RMB954.6 billion and RMB1,239.6 billion, respectively. We cannot guarantee that the revenue projected in our backlog will be realised or the related contracts will be profitable. Some of our contracts do not require our customers to purchase a minimum amount of services or products and are subject to modification or termination by customers on a short notice. Project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in our backlog and could reduce the amount of our backlog and the revenues and profits that we actually earn. In addition, projects may remain in our backlog for an extended period of time. As a result, you should not rely on our backlog information presented in this Offering Circular as an indicator of our future earnings.

We may experience delays or defaults in accounts receivable, progress payments or releases of performance bonds or retention funds by our customers.

Our construction contracts typically provide for progress payments from customers with reference to the value of work completed at specific milestone dates. Our customers generally pay us an advance equal to 10% to 30% of the total contract value, and once the project reaches a certain stage as specified in the relevant contract, we will be paid the remaining portion of the contract value on a progressive basis. As a result, we may be required to commit cash and other resources to projects prior to receiving additional payments from customers to cover certain expenditures on the projects as they are incurred. In addition, upon the completion of a project, an amount equal of 5% to 10% of the contract price is usually retained by our customers and will generally be released after the guaranteed maintenance period. Moreover, we generally obtain our construction contracts through bidding, and in general, after winning a bid, we are usually required by the project owner to provide a performance bond in an amount equal to 5% to 10% of the total contract value. Such funds will be returned to us typically within one month of the issuance of the completion certificate for the relevant project. Due to the foregoing and other factors, we may have a large amount of receivables at any given date. We have policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and we perform periodic credit evaluations of our customers. Normally we do not require collateral from trade debtors. As at 31 December 2020, we had total accounts receivable of approximately RMB69,436.5 million. Delays in accounts receivable, progress payments or release of such performance bond or retention funds from our customers may increase our working capital needs. If a customer, defaults in making its payments on a project to which we have devoted significant resources, it could also affect our liquidity and decrease the capital resources that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to our contracts, but settlement of disputes generally takes significant time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for bad debts, including those arising from accounts receivable, progress payments or releases of performance bonds and retention funds, based primarily on ageing and other factors such as special circumstances relating to specific customers. There can be no assurance that the accounts receivable, progress payments, performance bonds and retention funds will be remitted by our customers to us on a timely basis or at all or that we will be able to efficiently manage the level of bad debts arising from such payment practice.

Our operations depend on the availability of an adequate supply of raw materials and energy and water supplies at acceptable prices and quality and in a timely manner.

Our successful operations depend on our ability to obtain in a timely manner from suppliers sufficient quantities of raw materials, auxiliary materials, energy and water supplies and other commodities at acceptable prices and quality. We are exposed to the market risk of price fluctuations for certain raw materials and other commodities, such as steel, timber, cement, sand, explosives, waterproofing materials, geotechnical materials, additives and other materials used in our engineering and construction business, resources development business and property development business and steel used in our equipment manufacturing business. The prices and availability of such materials may vary significantly from period to period due to factors such as consumer demand, producer capacity, market conditions and costs of materials. In particular, steel and cement, which are critical to our operations, are subject to substantial pricing cyclicalities and periodic shortages. Furthermore, if we are not able to pay our raw material suppliers according to the payment schedules in our raw material supply contracts, our relationships with these suppliers could be materially and adversely affected, which may in turn result in a negative impact on our business operations. Increases in energy prices, including oil fuel and electricity prices, or water prices may also adversely affect our businesses, in particular our resources development business and equipment manufacturing business. In addition, any unavailability of or interruption in electricity, oil fuel or water supply could materially and adversely affect the production or other operations of our resources development business and other businesses.

We typically do not have long-term contracts or guarantees of supply for our raw material requirements, and the supply of energy and water required for our operations to a large extent depends on the economic, natural and other conditions of the regions where we operate our resources development business and other businesses. As such, we cannot assure you that we will be able to continue to obtain sufficient amounts of raw materials, energy or water from our existing suppliers or from alternative sources at prevailing or acceptable prices, in a timely manner, or at all. Furthermore, we cannot assure you that shortages of raw materials, energy or water will not occur in the future or that we will be able to pass on any cost increases in raw materials, energy or water supplies to our customers. Any failure to obtain adequate raw materials, energy or water, or to do so on commercially acceptable terms or in a timely manner, could materially and adversely affect our business, results of operations and financial condition.

We are subject to risks associated with property development operations.

Our property development activities involve acquiring from provincial and city governments in the PRC primary development rights for large plots of land, many of which have existing structures and residents. Acquiring these development rights, converting them into land use rights and committing the financial and managerial resources to develop the land involve significant risks. Before a property development generates any revenues, we must make a variety of material expenditures, including for land use rights acquisition and property construction. It generally takes several years for a planned development to generate revenues, and we cannot assure you that such development will achieve a positive cash flow. Our current and future property development activities may be exposed to the following risks:

- we may fail to obtain or face material delays in obtaining requisite certificates, permits and government approvals, including, among others, qualification certificates, land use right certificates and pre-sale permits, for our property developments, which may substantially disrupt the construction schedule, pre-sales and sales of our developments;
- we may re-evaluate or delay opportunities of property development after we begin to explore them, and as a result we may lose deposits paid to participate in the land tender process or fail to recover expenses already incurred;
- we may not be able to develop land according to the terms of the land grant contracts, including those relating to payment of fees, designated use of land, authorised gross floor area (“GFA”), time for commencement and completion of the development, which may cause imposition of a penalty, denial of completion certificates or forfeiture of the relevant land;
- we may be unable to complete the construction of properties on schedule or on budget, due to a variety of factors including shortages or increased costs of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors and sub-contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in the relocation process, delays in obtaining the requisite licences, permits and approvals from the relevant authorities, and other problems and circumstances, and as a result may incur increased debt service expenses and liabilities for the losses or damages of the purchasers of our pre-sold properties;
- we are subject to the risk of default by our customers on their mortgage loans for purchasing pre-sold properties, to the extent that we provide performance guarantees for those loans, which is in line with the industry practice, until construction of the properties is completed and the relevant property ownership certificates and certificates of other interests in the related property are then submitted to the relevant banks;

- we may be liable to our customers for damages if we fail to assist them in obtaining the individual property ownership certificates in a timely manner;
- the relevant PRC tax authorities may challenge the basis on which we calculate our land appreciation tax (“LAT”) obligations;
- we may lease or sell developed properties at below-anticipated rental rates or sales prices, respectively, and we may experience delays in the sale or leasing of developed properties; and
- occupancy rates, rents and sale prices of our properties may fluctuate significantly depending on a number of factors, including market and economic conditions and the failure of our properties to meet consumer demand in the areas of product positioning, design and pricing, and may adversely affect our revenues and cash flow.

We may not be able to obtain sites that are suitable for property development at commercially suitable prices or at all.

Land prices have increased significantly in China in recent years and may continue to increase in the future. To maintain or grow our business in the future, we will be required to replenish our land bank with suitable sites at reasonable costs for development. Our ability to identify and acquire suitable sites is subject to a number of factors that are beyond our control. Land supply in China is substantially controlled by the PRC government and any changes in government policy may lead to a decrease in land supply for our future projects. In addition, the PRC government regulates the means by which property developers can obtain land for property development. For example, in May 2002 and September 2007, the PRC government introduced regulations requiring that land use rights for residential or commercial property developments be granted through a tender, auction or listing-for-sale process. In recent years, the PRC government promulgated a number of regulations to strengthen the control of land reserves and increase the land use fees charged for construction land. As a result, we may have difficulty in continuing to acquire sites suitable for our future property developments at acceptable prices, or at all. In addition, we may have to bear high relocation and resettlement costs to obtain such sites in accordance with compensation formulas set forth under the Regulations on the Administration of Urban Housing Resettlement (《城市房屋拆遷管理條例》) and the applicable local regulations, which may be changed to increase our land acquisition costs substantially. We cannot assure you that we will be able to identify and acquire sufficient and appropriate sites at reasonable prices in the future. Any inability to identify and acquire sufficient and appropriate sites for our land reserves would result in uncertainties in our future development schedules, which in turn would have a material adverse effect on our future growth prospects and profitability.

Our property development business is subject to extensive PRC government regulations.

We are subject to extensive government regulations in virtually every aspect of our property development operations and our property development business is highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Our property development projects must be approved by and are subject to the supervision of PRC governmental authorities for planning, land and resources, housing administration, fire prevention and control and environmental protection, and their schedules and development costs will be significantly affected by regulations, government planning and the construction and other conditions imposed by the governmental authorities. Over the past few years, property developers have invested heavily in the PRC, raising concerns that certain sectors of the property market had started to overheat. In response, the PRC government has introduced an array of policies and measures intended to curtail the overheating of property development and discourage speculation in the residential property market. Such policies and measures include those designed to control the land, taxes, property development, mortgage and other loans for property purchases or real estate development, raise payment ratio requirements for property purchases, and investment in and sales of properties, as well as to regulate the ratio of newly constructed buildings to existing residential buildings. The PRC government may impose more economic

and other measures in the future to curtail the overheating of property development in light of conditions of the property sector or for other policy reasons, which could restrain the growth of the property industry and adversely affect our business and operations. Such measures may also lead to unfavorable changes in property market conditions, including price instability and imbalance of supply of and demand for properties, which may materially and adversely affect our business, financial condition and results of operations.

The PRC government also regulates the manner in which land is developed, for example, with respect to the schedule of development and the total amount of GFA developed. If the development of a site is not completed pursuant to the terms of the relevant land grant contract, the property developer may be subject to various penalties by the relevant government authorities, up to and including the revocation of the relevant land use rights without any compensation, according to the Measures for the Disposal of Idle Land (《閒置土地處理辦法》). We cannot guarantee that delays in the completion of a property site or circumstances leading to revocation of land use rights will not arise in the future.

Our mining business is subject to operational difficulties and other risks.

We have various overseas mining operations designed to develop metallic mineral resources such as iron ore, copper, nickel, zinc, lead, cobalt and gold in a number of countries and territories, including Papua New Guinea, Argentina, Pakistan, Afghanistan and Australia. In addition, we also engage in the polysilicon business in Henan of the PRC. We have invested and will continue to invest a certain amount of capital and other resources in our mining projects to further strengthen our resources development capabilities and expand the scale of our resources development business. As part of our growth strategy, we expect that an increasing portion of our revenue and profits will be derived from our mining business for the foreseeable future. As a result, we are exposed to various risks, including operational and transportation-related risks, associated with our mining projects.

We have experienced and may continue to experience various types of operational difficulties in connection with our mining projects. For instance, as at the date of this Offering Circular, our Aynak Copper Mine Project in Afghanistan is at the stage of negotiating amendments on the mining contract and is pending feedback from the Afghanistan Mining and Oil Department. The progress of this project is falling behind schedule, principally because the village relocation, land acquisition and mine sweeping in charge by the Afghanistan government were not completed as planned and the infrastructure stripping of the mining area has been put on a halt due to the finding of 19 historic Buddhism heritage sites in the area, which are currently being unearthed by the Culture Division of Afghanistan and France Dafa Company. Furthermore, in order to realise the planned output levels for certain of our mining projects, we require the availability of equipment, water, electricity and labour at reasonable costs. However, some of our mining locations lack sufficient basic infrastructure, including roads, power networks and water supply systems. Failure to complete the construction of infrastructure facilities by us or by third parties on time may cause delays or interruptions to our mining operations.

Our various mining projects are dependent on access to adequate transportation channels. We rely on a combination of rail, sea and road transportation both overseas and in China to deliver our products to our customers. However, there can be no assurance that the existing or planned transportation systems will be sufficient to meet our transportation requirements. Any shortage, disruption or limitation of transportation capacity may limit the volume of products delivered to our customers and may cause us to accumulate inventories and scale back production. With respect to our other mining projects for which we primarily rely on land transportation to deliver our products, we may be required to construct railways ourselves, which may require significant capital expenditures over a long period of time. Furthermore, any disruption to, or decrease in, the availability or capacity in the transportation networks, such as due to an earthquake, major rail or highway accidents or seasonal congestion during holidays, or any significant rise in transportation costs, could materially and adversely affect our ability to deliver our mining products to our customers and have a significant adverse effect on our overall mining business and results of operations. Moreover, any disruption in the traffic and transportation network or a decrease in the volume or capacity available for use (e.g. as a result of earthquake, major railway or

expressway accidents or seasonal traffic congestion during holiday periods) or a significant increase in any traffic and transportation costs will have material adverse effect on our ability to deliver mining products to the customers and may have material adverse effect on the overall mining industry and the result of operations.

Our level of exposure to these risks varies with respect to each project and its respective geographic location, and is dependent on the particular stage of each project. As a number of our mining operations are either under development or in the exploration stage, our management may not have the relevant experience to develop an effective control system to manage the risks mentioned above or other risks relating to mining operations. Furthermore, given that our involvement in the mining business is still in an early phase, there is only limited historical information available upon which you can base your evaluation of our mining business and our prospects. Any of the above factors could lead to project disruptions or adversely affect our ability to generate profits from our mining projects, which could harm our resources development business and our overall results of operations and financial condition.

Measured, indicated and inferred resources may not all turn into mineral reserves, and we may not be able to achieve our production estimates.

Pursuant to generally accepted standards of the industry, we have carried out feasibility studies for relevant resources development projects and formulated exploitation plans. However, it is difficult to measure with a reliable method the reserves of mineral resources developed by us such as iron, copper, nickel, zinc, lead, cobalt and gold, and the accuracy of estimates depends on the existing geological materials and the understanding and judgment of such materials. It is necessary to amend the data based on actual production and other factors. Estimated reserves of the mineral resources under development are likely to vary from the actual reserves.

In addition, the development period estimated in the feasibility study report may differ from the actual development cycle due to various reasons such as unexpected difficulty in mineral resources development and development procrastination.

The aforesaid differences in the resources development projects invested by us will affect the operation results and future development of our resources development business.

The operations of our equipment manufacturing business may be impaired if we experience capacity constraints of our production facilities and workforce or if we fail to develop products that meet the evolving needs of our customers.

Our ability to undertake projects and manufacture products is limited by the capacity of our production facilities and workforce. To expand our capacity we must either upgrade our existing production facilities and equipment or acquire new equipment and hire additional skilled workers. Many operations in our equipment manufacturing business are highly specialised and capital-intensive, requiring expensive and specialised equipment. Acquisition of new equipment may require significant capital expenditures, which we may not be able to fund, and installation and operation of such equipment may require highly qualified personnel. Moreover, many of the specialised equipment may not be readily available in the market and we may have to allow for a long delivery time after we place an order. We cannot assure you that equipment will be available to us in a timely manner or at a reasonable cost or that we will have access to a sufficient number of skilled employees to upgrade, install or operate the equipment.

In addition, we need to improve our ability to manufacture, process and produce complete sets of equipment to strengthen our overall capabilities to industrialise our core technologies. The success of our equipment manufacturing business also depends on our ability to develop and offer, on a continuous basis, products that meet the evolving demand of our customers. This requires us to continue to innovate and enhance our technological capabilities and to adapt to rapidly changing industrial standards and trends. There is no assurance that our efforts in this regard will succeed continuously or at all.

If we are unable to increase our production capacity effectively or in a timely manner or if we fail to develop or offer products that meet the evolving needs of our customers, our ability to contract for and perform new projects and maintain and expand our customer base will be significantly impaired and we may lose projects and other business opportunities to our competitors, which would have a material and adverse effect on our business, results of operations, financial condition and prospects.

The PBOC determines the benchmark lending rates for RMB-denominated loans in China. Since October 2010, such benchmark lending rates have been on the increase until 22 November 2014, when the PBOC started to decrease such benchmark lending rate. As at 21 October 2019 and onwards, the benchmark lending rate for RMB-denominated loans with a one-year term was 4.20%. If PBOC raises the benchmark lending rates in order to control the growth rate of the Chinese economy or for other policy objectives in the future, the cost of our external funding could significantly increase and our fund-raising ability may thus be limited. Such change in the interest rate will have a direct impact on our financing cost and profitability.

Our businesses involve inherent risks and occupational hazards, which could harm our reputation, subject us to liability claims and cause us to incur substantial costs.

Our businesses involve inherent risks and occupational hazards. Due to the nature of our businesses, we engage or may engage in certain inherently risky and hazardous activities, including, among others, operations at height or on dangerous terrains, underground excavation and construction, use of heavy machinery, mining, and handling of flammable and explosive materials, and we are therefore subject to risks associated with these activities, including geological catastrophes, toxic gas and liquid leakages, equipment failures, industrial accidents, fire, explosions and underground water leakages. These risks and hazards have in some cases resulted in personal injury and loss of life, damage to or destruction of properties or production facilities, and pollution and other environmental damage. Any of these consequences, to the extent they are significant, could result in business interruption, possible legal liability and damage to our business reputation and corporate image. In addition, we may also be subject to claims resulting from the subsequent use by our customers or other third parties of the facilities and products we have constructed or produced.

We normally seek to lower our exposure to the potential claims associated with our businesses through contractual limitations of liability, indemnities from our customers, subcontractors and suppliers, and insurance. These measures, however, may not always be effective due to various factors, many of which may be outside of our control. These factors include, among others:

- in some of the jurisdictions in which we operate, including China, environmental and workers' compensation liabilities may be assigned to us as a matter of law and may not be limited through contracts;
- customers and subcontractors may not have adequate financial resources to satisfy their indemnity obligations to us;
- losses may derive from risks not addressed in our indemnity agreements; and
- our insurance coverage may not be sufficient because it may not be possible to obtain insurance against some risks on commercially reasonable terms, or at all.

Insurance policies, in particular, have become increasingly expensive and are sometimes difficult to obtain from the market. Moreover, there may be circumstances where we are not fully covered or compensated under insurance policies for environmental liability, business interruption, loss of profit, or other liabilities or losses arising from disruptions of operations, industrial accidents, demonstrations or other activities by our employees or third parties. Failure to effectively cover ourselves against risks relating to our operations for any of the above reasons or otherwise could expose us to substantial costs

and potentially lead to material losses. In addition, the occurrence of any of these risks may harm our reputation, which could inhibit our ability to win more projects or other contracts or otherwise grow our businesses.

Changes in government tax policy may adversely affect our business and financial results.

Prior to 1 January 2008, except for a number of preferential tax treatment schemes applicable to various enterprises, industries and locations, business enterprises in China were subject to a corporate income tax rate of 33% under the relevant PRC enterprise income tax law. On 1 January 2008, the new PRC Enterprise Income Tax Law became effective and imposed a tax rate of 25% on business enterprises. Those business enterprises enjoying preferential tax treatment that was extended for a fixed term prior to 1 January 2008 will still be entitled to such treatment until such fixed term expires. Some of our subsidiaries are entitled to preferential tax treatment, allowing us to enjoy a lower effective tax rate of 15% that would not otherwise be available to us. To the extent that there are any changes in, or withdrawals of, our preferential tax treatment, or increases in the effective tax rate, our tax liability would increase correspondingly. In addition, the PRC government from time to time adjusts or changes its policies on value-added tax, business tax, resources tax, fuel and oil tax, property development tax and other taxes. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business and financial results.

In addition, we operate in many countries and regions overseas and are subject to various taxes. Due to the facts that the tax environment is different in different regions and that the regulations are complex concerning various tax items including corporate income tax, foreign contractor tax, personal income tax and poll tax, our overseas operation may pose us under the risks incurred by the overseas tax policies and changes. In the meantime, we may need to make corresponding judgment for the uncertainties brought by tax treatment such as the transactions and other matters of certain operating activities.

We may encounter unexpected difficulties in expanding our business and operations in various sectors or geographic markets.

To further grow our business and increase our competitiveness and profitability, we plan to increase our presence in various sectors in our engineering and construction business, such as the building construction, civil and public facilities, transportation infrastructure and other sectors. In addition, we intend to continue expanding our mining and other resources development operations both in and outside of China, increasing our equipment manufacturing capabilities and product offerings, and expanding our property development operations. Expansion in these sectors and markets carries many associated risks, including, for example, risks relating to insufficient operating experience in certain of such sectors and markets and changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. Expansion may also significantly stretch our capital, personnel and management resources and, as a result, we may fail to manage our growth effectively, which in turn could have a material and adverse effect on our business, results of operations, financial condition and prospects. In addition, there may be many established incumbent players in these sectors and markets who already enjoy significant market share, and it may be difficult for us to win market share from them. Furthermore, some of the overseas markets that we are targeting may have a high barrier of entry for foreign players. There can be no assurance that our expansion plans will be successful.

We derive a certain amount of business from international operations that are subject to foreign economic and political uncertainties and security risks.

We have been operating part of our business, primarily our engineering and construction business and resources development business, outside of China, including in countries and territories that are subject to rapidly changing economic and political conditions beyond our control. We currently have operations in various foreign countries and territories including Thailand, Pakistan, India, Malaysia, Singapore, the U.S., Brazil, Australia, Vietnam Argentina, and Papua New Guinea. We expect that a

significant portion of our revenue and profits will continue to be derived from international projects and other overseas operations for the foreseeable future as we intend to focus on exploring business opportunities in selected foreign markets and strategically expanding the global footprints of our overseas operations. As a result, we are exposed to various risks associated with conducting business in foreign countries and territories that include, among other factors: political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, and strained or altered foreign relations related to China or other relevant countries;

- economic, financial and market instability and credit risks, including, for example, those relating to the potential deterioration of the credit markets and other economic conditions;
- changes in foreign government regulations or policies;
- dependence on foreign governments or entities controlled by such foreign governments for electricity, water, transportation and other utility or infrastructural needs;
- trade restrictions or embargoes;
- sanctions imposed by certain countries against transactions with other countries in which we conduct business which may limit our ability to obtain funding for certain overseas projects;
- expropriation and nationalisation of our assets in foreign countries; and
- lack of a well-developed or independent legal system in the foreign countries in which we have overseas operations, which may create difficulties in the enforcement of contractual rights.

Some of our services are performed in high-risk locations, such as Afghanistan and Vietnam, where the country or location is subject to political, social or economic risks, or war or civil unrest. In those locations where we have employees or operations, we may incur substantial costs to implement safety and security measures to protect our personnel and assets. Such measures may not always be adequate. Our level of exposure to certain risks varies with respect to each project, and is dependent on the particular stage of each project. We have also experienced and may continue to experience difficulties, such as inadequacy of electricity, water and transportation infrastructure, labour strike or delay in construction, with respect to certain of our overseas resources development projects.

We are exposed to risks associated with entering into contracts with PRC and foreign governmental entities and other public organisations, and our performance may be significantly affected by government spending on infrastructure and other projects.

Our customers include agencies or entities owned or otherwise controlled by the PRC government. To the extent these projects are funded by the PRC government, they are subject to delays or changes as a result of the changes in the PRC government's budgets or for other policy considerations. The PRC government's spending on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in China's economy and changes in the PRC government's policies. Also, we have entered into and will continue to enter into major contracts or other arrangements with foreign governments or their controlled entities in connection with our overseas investments and business operations. We therefore have significant exposure to the risks associated with contracting with public organisations.

In addition, disputes with governmental entities and other public organisations could potentially lead to contract termination if unresolved or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments from these entities and organisations may be delayed as a result. Such entities and organisations may claim sovereign immunity as a defense to any claims we may have against them. They may also from time to time require us to

change our construction methods, equipment or other performance terms or direct us to reconfigure our designs or purchase specific equipment for the relevant project in connection with our engineering and construction projects or undertake additional obligations or change other contractual terms, thereby subjecting us to additional costs. Changes in governmental budgets and policies relating to our projects could also result in delays in project completion, adverse changes to such projects or a withholding of, or delay in, payments to us. Government agencies generally exercise significant discretion in the performance of their contracts with us. If a governmental entity or other public organisation terminates or fails to renew a contract with us, our backlog could be reduced, our investment plan may be hampered and our business and financial performance may be materially and adversely affected as a result.

We are dependent upon subcontractors and other third parties for various services and products in our business.

We may from time to time subcontract portions of our engineering and construction projects to independent third-party subcontractors. In addition, if we need extra manpower due to a shortage of labour, or in order to accelerate the progress of project work, we may need to subcontract labour services internally, hire short-term temporary workers, or engage independent third-party subcontractors. We also rely on third-party manufacturers or other service providers for production and supply of certain parts, components and services in connection with our resources development, equipment manufacturing and property development operations. Outsourcing to subcontractors and other third parties supplements our capacity, reduces our need to employ a large workforce, including skilled and semi-skilled labour in different specialised areas, and increases our flexibility and cost effectiveness in carrying out contracts. We have established a system with respect to the selection and control of subcontractors in our engineering and construction business, which involves, among others, maintaining a regularly updated list of qualified subcontractors and entering into agreements with them to set forth each party's rights and obligations. In our other businesses, we also endeavour to source products and services from third-party manufacturers and service providers whom we believe are able to meet our quality, delivery schedule and other requirements. Nevertheless, we may not be able to monitor the performance of these subcontractors and other third parties as directly and efficiently as our own staff. In addition, qualified subcontractors and other third parties may not always be readily available when our needs for outsourcing arise. If we are unable to hire qualified subcontractors and other third parties, our ability to complete projects or other contracts could be impaired. If the amounts we are required to pay to subcontractors and other third parties exceed what we have estimated, especially in the case of customer contracts with a pre-agreed price, we may suffer losses on those contracts. Outsourcing also exposes us to risks associated with non-performance, delayed performance or sub-standard performance by subcontractors or other third parties. As a result, we may experience a deterioration in quality or late delivery of our construction projects, incur additional costs due to delays or higher prices in sourcing the services, equipment or supplies, or be subject to liability under the relevant contract for the non-performance, delayed performance or sub-standard performance of our sub-contractors or other third parties. Such events could have a material and adverse impact upon our profitability, financial performance and reputation, and may result in litigation or damage claims against us.

If we fail to maintain a system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

We have established an internal control system in compliance with applicable law and performed self-evaluation of our internal control during the past three years in accordance with the Standard for Enterprise Internal Control and Implementation Guidelines for Enterprise Internal Control. Our internal control over financial reporting was reviewed and evaluated by certified independent accounts over the past three years in accordance with the Standard for Enterprise Internal Control and Implementation Guidelines for Enterprise Internal Control. No material deficiencies were identified during our self-evaluation and the evaluation of our internal control over financial reporting. However, we cannot assure that we will be able to maintain our self-evaluation and evaluation of our internal control over financial reporting, nor can we guarantee that no deficiencies will occur in the future. Any deficiencies in our

internal controls may result in the loss of investor confidence in the reliability of our financial statement, also adversely affect the results of such periodic management evaluations. In addition, we may need to incur additional costs and use additional management and other resources in an effort to comply the Standard for Enterprise Internal Control, Implementation Guidelines for Enterprise Internal Control and other requirements going forward.

Disputes with our joint venture and other business partners may adversely affect our business.

In the course of our business, we have in the past formed, and will in the future continue to form, joint ventures, consortiums or other cooperative relationships with other parties, including in some cases foreign governmental entities, to jointly engage in certain business activities, which include, among others, undertaking construction projects, operating mining and other resources development facilities, and developing residential and commercial properties. For example, from time to time, we tender for significant overseas construction projects and invest in resources development projects, such as the Sierra Grande iron ore mine in Argentina, jointly with other parties. We may bear joint and several liabilities to the project owners or other parties with other consortium members or joint venture or business partners under the relevant consortium, joint venture or other agreements, and as a result, we may incur damages and other liabilities for any defective work or other breaches by other consortium members or joint venture or business partners. Our joint venture and other business partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests contrary to our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements or other cooperative arrangements, including their obligation to make the required capital contribution; or
- have financial difficulties.

A serious dispute with our joint venture or other business partners may cause the loss of business opportunities or disruption to or termination of the relevant project or business venture. Such dispute may also give rise to litigation or other legal proceedings, which will divert our management attention and other resources, and if a decision or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and suspend or terminate the related project or operations. In the event that we encounter any of the foregoing problems, our business, results of operations and financial condition may be materially and adversely affected.

We are subject to litigation risks.

In the ordinary course of business, claims involving project owners, customers, suppliers and subcontractors are brought against us and by us in connection with our contracts. Claims may be brought against us for back charges for alleged defective or incomplete work, liabilities for defective products, personal injuries and deaths, damage to or destruction of property, breaches of warranty, delayed payments to our suppliers or subcontractors, or late completion of projects or other contracts. The claims and back charges may involve actual damages and contractually agreed upon liquidated sums. If we were found to be liable on any of the claims, we would have to incur a charge against earnings to the extent a reserve had not been established for the matter in our accounts, or to the extent the claims were not sufficiently covered by our insurance coverage. Claims brought by us against project owners may include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the initial scope of work. Both claims brought against us and by us, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realised from project or other claims by us could differ materially from the balances included in our financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project or other contract. Charges associated with claims brought against us and write-downs associated with claims brought by us could have a material adverse impact

on our financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and damage our prospects for future contract awards.

Failure to hire and retain management executives, technicians and other qualified personnel could adversely affect our business and prospects.

The growth of our business operations is dependent upon the continued service of our senior management team. The industry experience, expertise and contributions of our executive directors and other members of our senior management are essential to our continuing success. We will require an increasing number of experienced and competent executives in the future to implement our growth plans. If we were to lose the services of any of our key management members and were unable to recruit and retain personnel with equivalent qualifications at any time, the management and growth of our business could be adversely affected.

Our business, financial performance and prospects also depend on our ability to employ, train and retain highly skilled personnel, including managerial, design, marketing, engineering and other technical professionals. For our engineering and construction business, we need to retain a large number of highly qualified and experienced designers, engineers and project managers as well as other skilled employees in order to complete our engineering and construction projects on time while satisfying the quality and other requirements of our customers. Demand for employees in our engineering and construction business who have industry-related experience and expertise will increase as our customers increase their capital expenditures and the use of our services and as we intend to focus on expanding our business on infrastructure and other non-metallurgical projects. We also need to recruit an increasing number of engineers and other skilled workers for our current and planned mining and other resources development-related operations, and such personnel are generally in short supply. In addition, we need to hire additional qualified managerial, technical, marketing and other personnel to implement our business initiatives to develop new technologies, construction methods and products, grow our resources development, equipment manufacturing and property development operations, and strategically expand our overseas operations.

Competition for qualified personnel in general is intense in the PRC and other markets where we operate our businesses. We cannot assure you that we will be able to maintain an adequate skilled labour force necessary for us to execute our projects or to perform other corporate activities, nor can we guarantee that staff costs will not increase as a result of a shortage in supply of skilled personnel. If we fail to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labour force on a continuous basis, our business operations could be adversely affected and our future growth and expansions may be inhibited.

Our continued growth depends on our research and development capabilities, which may not always produce positive results.

Our ability to undertake high value-added projects in our engineering and construction business and launch new products in our equipment manufacturing business depends largely on our research and development capabilities. If we are unable to maintain or enhance our research and development capabilities, we may be placed at a disadvantageous position against our competitors both domestically and overseas, thereby adversely affecting our results of operations and future development. We are often engaged to undertake large, complicated projects that require us to develop or adopt new technology and construction methods, which could strain our research and development resources. The use of new technology and construction methods may also result in experimental failures, increased costs and unstable conditions, which may adversely affect the profitability of some of our projects.

The global financial and economic cyclical fluctuation may have a material and adverse effect on our businesses, results of operations and financial condition.

The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and the global economy has continued to face new challenges, including the escalation of the European sovereign debt crisis in 2011 and the slowdown of the Chinese economy since 2012. It is unclear whether the European sovereign debt crisis will be contained and whether the Chinese economy will maintain its high growth rate. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. The future performance is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. In view of the recent withdrawal of the United Kingdom from the European Union (“**Brexit**”) effective on 31 January 2021, with the EU-UK Brexit trade deal being agreed on 24 December 2020, there is still substantial uncertainty relating to its impact on the economic conditions of other part of the world, such as China, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. The outlook for the world economy and financial markets in 2021 and 2022 remains uncertain. Some countries have started to withdraw the stimulus packages previously executed during the financial crisis and implement more moderate monetary policies. The PRC withdrew its economic stimulus plan implemented during the financial crisis and returned to its general policy directions. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011.

At the same time, the trade dispute between the PRC and the United States and the increased tariff that the United States plans to impose on Chinese imports 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. In addition, during 2018 and 2019, the U.S. government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on U.S. imports. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the PRC trading industry remain uncertain. The reduced demand for exports produced in the PRC, reduced levels of foreign and domestic investment in the PRC and decreased consumer confidence may result in a slowdown in growth in the markets of the PRC. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Any adverse changes in the global economies, which in turn may impact on the level of economic activity in the PRC and the liquidity of the global capital markets, may adversely affect our business, results of operations and financial condition.

Our operations expose it to inclement weather and climatic conditions, acts of God, adverse work environments, severe contagious disease (such as COVID-19 pandemic (defined below)) and acts of terrorism or war.

A significant amount of our business activities, particularly those in our engineering and construction, resources development and property development business segments, are conducted outdoors and could be materially and adversely affected by weather and climatic conditions. Unfavorable weather and climatic conditions and natural disasters may prevent us from conducting work at our work sites or delivering our products to our customers in accordance with contract schedules, or generally reduce our productivity. During periods of curtailed activity, we may continue to incur operating expenses, but our revenue from operations may be delayed or reduced. We may not be able to receive full compensation from parties with which it enters into contracts and may have to bear some portion of the losses. Moreover, natural disasters and other acts of God which are beyond our control may adversely affect the economy, infrastructure and communities in the countries and territories in which we have operations. We also operate in areas that are under the threat of ice storms, floods, earthquakes, landslides, mudslides, sandstorms or drought. In addition, we conduct some of our operations under a variety of geographical and other conditions, including on difficult terrain, under harsh site conditions, in busy urban centers where delivery of materials and availability of labour may be affected, and on sites which may previously have been exposed to environmental hazards. Such conditions may result in personal injuries or fatalities or have a negative effect on our work performance and efficiency.

The outbreak of any severe contagious disease such as SARS in 2003, H1N1 Influenza in 2009 and the novel coronavirus pandemic in 2020 (“COVID-19”) could also result in interruption of the Group’s business. The outbreak of communicable diseases may result in restrictions on travel and public transport, prolonged closures or suspension of workplaces and quarantine of employees, which may disrupt the Group’s operations in various ways.

The World Health Organisation has declared the outbreak as a pandemic on 11 March 2020, given its spread across multiple countries in Asia (such as South Korea and Japan), Europe (such as Italy, Spain, Germany and the United Kingdom), the Americas (including the United States of America and Canada) and the Middle East. This has resulted in restrictions on travel and public transport, quarantines (such as in Wuhan city, Hubei Province and in Italy) and prolonged closures of workplaces, although vaccines have been developed and introduced preliminarily in regions such as in Hong Kong, the United Kingdom and the U.S., although the prolonged effect remains to be seen.

In addition, the outbreak of COVID-19 has also resulted in a significant amount of volatility in the global financial markets, including equity, credit, commodities and foreign exchange markets, which, in turn, has had a negative impact on investor confidence and sentiment globally. Apart from the volatility in the financial markets, the outbreak of COVID-19 has also caused, and may in the future continue to cause, interruptions to the Group’s business operations as a result of the heightened measures in quarantines and restrictions on travel imposed by the governments in different parts of the world. The Group is also similarly affected by these policies, and has had to tighten its business contingency plans addressing all possible scenarios in order to ensure that critical business activities and service level to clients can be carried out and adhered to in the event of an outbreak in the proximity of the Group’s business operating premises. The Group is monitoring the ongoing outbreak of COVID-19 and the corresponding vaccines carefully as it evolves to understand the potential impact on its people and businesses. However, given the rapidly and continually evolving situation, as at the date of this Offering Circular, the Group is unable to assess accurately the impact of the COVID-19 outbreak on its business operations and financial condition.

Acts of war and terrorist attacks, including those in foreign countries in which we have operations, may cause damage or disruption to us and our employees, subcontractors, operations, equipment, facilities and markets, any of which could impact our public image, revenues and cost of sales. The risks of war or terrorist attacks may also create uncertainties and cause our business to suffer in ways that we cannot currently predict.

Any acquisitions or strategic investments we undertake could be difficult to integrate or manage or may not be successful and may negatively impact our results of operations and financial condition.

We have in the past acquired and may in the future acquire other businesses or companies whose assets, capabilities and strategies we believe are complementary to and are likely to enhance our business operations in the countries and territories in which we operate. Acquisitions involve numerous risks, including potential difficulties in the retention and assimilation of personnel, risks and difficulties associated with integrating the operations and culture of acquired businesses, diversion of management's attention and other resources, and lack of experience and knowledge in the industry and market of the acquired businesses. In addition, acquisitions may result in the incurrence and inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the acquired businesses, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm our results of operations and financial condition. In particular, if any of the acquired businesses fails to perform as we expect, we may be required to recognise a significant impairment charge, which may materially and adversely affect our results of operations. As a result, there can be no assurance that we will be able to achieve the strategic purpose of any acquisition, the desired level of operational integration or our investment return target.

It is also possible that we may not be able to identify suitable acquisition or investment candidates, or that if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all, or we may fail to obtain the required governmental and other approvals for such acquisitions or investments. The inability to identify suitable acquisition or investment targets or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

Some of our operations are less profitable or in loss, and we cannot assure you that we will be able to generate higher levels of profit from such operations in the future.

We have undertaken and will continue to undertake construction projects that may yield a lower level of profit for strategic and other business reasons, such as to increase our market share or reputation or to maximise our utilisation rates. The undertaking of such low-profit construction projects impairs our overall profitability, particularly on a short-term basis.

With respect to our property development business, we began to switch our focus on the development and sale of commodity residential and commercial properties since 2012 from our previous primary land development and affordable housing projects, which generally generate lower margins than commodity residential and commercial properties.

We intend to continue our efforts to strengthen cost control, enhance overall productivity and efficiency and undertake more projects and businesses with high profit margins. However, we cannot assure you that these efforts will be successful or that we can improve our margins with respect to the foregoing types of projects or operations or our overall profitability.

Intense competition in the markets in which we operate could reduce our market share and profitability.

We experience significant competition in the markets in which we operate. Our competition comes from various sources, including large state-owned enterprises and private companies in China, as well as companies that enjoy special protection by the local governments in the jurisdictions in which it operates. We face challenges in our engineering and construction business segment from large state-

owned enterprises and private companies in China. As large domestic steel group companies gradually improve their in-house design and construction capabilities, they may acquire a larger share of the market. In addition, private construction companies that are able to operate at lower costs and with greater flexibility may pose new challenges to us. In addition, certain of our subsidiaries from time to time compete directly in certain areas, including tendering for construction projects, due to the overlap in their business within a specific geographic area.

We also face significant competition in our property development, resources development and equipment manufacturing business segments. We need to enhance our capital, human and technology resources, management ability and industry expertise to compete with large domestic or overseas mining and other mineral resources development companies, in particular for the acquisition of additional mining sites and mineral resources. We also compete with large domestic and international equipment manufacturers with respect to such factors as product quality, technology, price and technical service.

As a result of China's accession to the World Trade Organisation, the PRC government has undertaken to reduce tariffs on various products and open up domestic markets to foreign competition, and foreign-invested companies are now allowed to participate and compete in various markets in which we operate, including the construction sector. Our foreign competitors may have greater financial, technical, management or other resources and may provide more services than we do, and could possibly form mergers or joint ventures with some of our domestic competitors or other foreign competitors to our detriment.

Our market position depends on our ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, availability of capital and financing resources and the introduction of new or improved technologies and products and services in the relevant sectors and markets. There can be no assurance that our current or potential competitors will not offer services or products comparable or superior to those that we offer at the same or lower prices or adapt more quickly than we do to evolving industry trends or changing market conditions. Increased competition may result in price reductions, reduced profit margins and loss of market share.

Any failure to maintain an effective quality control system for our construction, production and other operational activities could have a material adverse effect on our business and operations.

The quality of our services and products is critical to the success of our businesses. In order to achieve the success of our businesses, we need to maintain an effective quality control system for our construction, production and other operational activities. The effectiveness of our quality control system depends significantly on a number of factors, including the design of the system, the related training program as well as our ability to ensure that our employees adhere to our quality control policies and guidelines. Any failure or deterioration of our quality control systems could result in defects in our projects or products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any of such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

Our operations require certain permits, licences and certificates, the loss of which could significantly hinder our business and operations, and we are subject to periodic inspections, examinations, inquiries and audits by regulatory authorities.

We are required to obtain and maintain valid permits, licences and certificates from various governmental authorities to conduct our business, including, among others, those required for our construction, mineral exploration, mining, equipment manufacturing, and property development operations. We must comply with the restrictions and conditions imposed by various levels of governmental agencies to maintain our permits, licences and certificates. If we fail to comply with any

of the regulations or satisfy any of the conditions required for the maintenance of our permits, licences and certificates, our permits, licences and certificates could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially and adversely impact our business, results of operations and financial condition.

In order to ensure our compliance with the restrictions and conditions required for maintaining our permits, licences and certificates for our business operations, the PRC governmental authorities at various levels conduct routine or special inspections, examinations, inquiries and audits on us. We may be subject to suspension or revocation of the relevant permits, licences or certificates, fines or other penalties due to any non-compliance uncovered as a result of such inspections, examinations, inquiries and audits. We cannot assure you that we will be able to maintain or renew our existing permits, licences and certificates or obtain future permits, licences and certificates required for our continued operation on a timely basis or at all. In the event that we fail to comply with applicable laws and regulations or fail to maintain, renew or obtain the necessary permits, licences or certificates, our qualification to conduct our various businesses may be adversely impacted.

We have not obtained valid title certificates for certain properties that we occupy.

For some of the properties we occupy in the PRC, we, or our landlords, have not yet obtained sufficient title certificates that allow us to use or freely transfer the properties.

As at 17 September 2009, we owned 325 buildings for which Building Ownership Certificates had not been granted. As at 31 December 2020, among the aforementioned 325 buildings for which confirmations of ownership were outstanding, 143 buildings have been granted building ownership certificates, whereas application for confirmations of ownership for other buildings are still actively in progress.

As at 17 September 2009, of the land for which we had obtained the land use rights, 204 parcels of land were obtained by means of state capital injection. As at 31 December 2020, 24 parcels of land out of the above were in the process of renewing their State-owned Land Use Rights Certificates. In addition, of the land for which we had obtained land use rights, 15 land use rights had not undergone transfer procedures of land use rights and were not granted State-owned Land Use Rights Certificates.

As at 31 December 2020, among the above 24 parcels of land for which State-owned Land Use Rights Certificates were subject to renewal, 22 parcels of land had their certificates renewed as State-owned Land Use Rights Certificates in capital-injection nature while 1 parcel was recovered by the government with compensation. The renewal of certificates of the remaining 1 parcel of land is actively in progress. On the other hand, of the above 15 parcels for which transfer procedures had not been completed, 9 parcels of land are still undergoing relevant procedures.

Though the procedures involved in confirming the ownership of the aforementioned buildings and land use rights are subject to external conditions to a large extent, we will actively proceed with such applications for relevant ownership certificates with our best endeavour. We cannot predict how our rights as owner, lessee or occupier of these properties and our business operations may be adversely affected as a result of the absence of vested legal title in these properties or right to lease these properties. We may be required to relocate our business operations carried out on properties that we do not have unassailable legal rights to use or occupy temporarily or permanently, and such relocation could adversely affect our financial condition and results of operations.

If we cannot obtain the land use rights to such land for any reason, our rights as occupier of such land may be invalid and the business and operations of certain of our subsidiaries may be adversely affected as a result.

We may have difficulties in monitoring and deploying internal control measures with respect to our business operations in an effective and timely manner because of our large number of operating subsidiaries and their broad range of businesses.

The development of our management and internal control measures has largely coincided with the expansion of our businesses. Some of our internal control and coordinating measures relating to our operations may not be implemented satisfactorily because we have more than 400 direct and indirect subsidiaries, a broad range of businesses and a large and widely dispersed middle-level management team. As a result, competition often arises among our subsidiaries, particularly in the area of construction work, and we may from time to time encounter difficulties in monitoring compliance with our internal control policies and procedures and the relevant laws and regulations by our subsidiaries and our large number of managerial and other employees. In addition, we conduct our overseas operations in many countries and jurisdictions, and may be governed by different laws, regulations and business practices and conventions. Our unfamiliarity with these foreign laws and regulations or our inability to effectively manage the activities of our overseas subsidiaries, joint ventures or third parties could expose us to legal risks and liabilities, including corrupt business practices. Accordingly, as we integrate the operations of our various subsidiaries and operations, we aim to continue to strengthen our management and internal control mechanisms to address such integration issues, through measures such as the integrated management of our financial data, risk management, consolidation of internal resources, and a uniform information system. However, we cannot assure you that we will be able to implement internal control mechanisms that will promptly and adequately respond to our expanded scope of operations nor can we guarantee that our employees will not, in their personal capacity, act in such a way that contravenes our internal control procedures.

The Guarantor published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place undue reliance on the Guarantor's unaudited and unreviewed financial information or the discussion of material financial trends in relation to the Guarantor's unaudited and unreviewed financial information. The Guarantor from time to time issues corporate bonds and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Guarantor needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term financing bills. After the Securities are issued, the Guarantor is obligated by the terms of the Securities, among others, to provide holders of the Securities with its audited financial statements and certain unaudited but reviewed periodical financial statements. The quarterly and half year financial information published by the Guarantor 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 referred to or 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 Guarantor's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Securities. The Guarantor is not responsible to holders of the Securities 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.

RISKS RELATING TO THE PRC

Changes in China's economic, political and social conditions as well as governmental policies could affect our financial condition and results of operations.

China's economy differs from the economies of most developed countries in many respects, including the structure of economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

China has been one of the world's fastest growing economies as measured by GDP in recent years. However, China may not be able to sustain such a growth rate. In order to maintain the sustainable growth of the economy, the PRC government from time to time implements various macroeconomic and other policies and measures, including contractionary or expansionary policies and measures at times of or in anticipation of changes in China's economic conditions. In an effort to stimulate the growth of the Chinese economy, the PRC government has implemented and may continue to implement various monetary and other economic measures to expand investments in infrastructural projects, increase liquidity in the credit markets and encourage employment. However, there is no assurance that such monetary and economic measures will succeed. If the Chinese economy experiences a slowdown or even a downturn, we may experience a delay or reduction in, or cancellation of, projects available to us and demand for the services and products we provide in our various business segments may grow at a lower-than-expected rate or otherwise decrease. Furthermore, we cannot assure you that we are able to make timely adjustments to our business and operational strategies so as to capture and benefit from the potential business opportunities presented to us as a result of the changes in the economic and other policies of the PRC government. Also, the PRC government will continue to make adjustments to its economic policy objectives and measures in the future, which may include or result in a significant reduction in its budget for investments in infrastructure and other projects. This could have an adverse effect on our business and operations. Moreover, unfavorable financing and other economic conditions for the industries that we serve could negatively impact our customers and their ability or willingness to fund capital expenditures in the future or pay for past services.

We are exposed to foreign currency fluctuations.

We conduct most of our operations in the PRC and our functional currency is the Renminbi. A substantial portion of our revenues and cost of sales were denominated in Renminbi. However, we conduct part of our engineering and construction business and resources development business overseas, and we have made and expect to continue to make significant equity and other investments in overseas mining and other projects. As at 31 December 2020, our total foreign currency-denominated borrowings was RMB713.2 million. Our foreign exchange-denominated assets and liabilities are expected to significantly increase as we further expand our overseas businesses, including, in particular, undertaking additional construction projects and expanding our resources development operations overseas. We are therefore subject to significant risks associated with foreign currency fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect our profits and margins. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in

foreign currencies, primarily the U.S., H.K., Australian and European dollars. Generally, an appreciation of the Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange loss for assets denominated in U.S. dollars and other foreign currencies, and a foreign exchange gain for liabilities denominated in U.S. dollars and other foreign currencies. Conversely, a devaluation of the Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange gain for assets denominated in U.S. dollars and other foreign currencies and a foreign exchange loss for liabilities denominated in U.S. dollars and other foreign currencies.

The value of the Renminbi is subject to changes in China's governmental policies and to international economic and political developments. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The People's Bank of China surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. Since 2016, the exchange rate of Renminbi against the U.S. dollar experienced further fluctuation. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. In August 2019, the People's Bank of China on 5 August 2019 set the RMB's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against these currencies may lead to a decline in the revenues of our overseas operations. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollars, Hong Kong dollars, Australian dollars or European dollars of our net assets, earnings and any declared dividends.

Management continuously monitors foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arise. However, very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations and, the availability and effectiveness of these hedges may be limited. Thus, we may not be able to adequately hedge our exposure or at all.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions.

Currently, the Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved by the SAFE. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially adversely affected. The PRC government may also at its discretion restrict access to foreign currencies for current account

transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to the Holders.

The PRC legal system is continuously evolving and has uncertainties, and the legal protections available to the Holders may be limited.

As we are companies incorporated under PRC law and most of our businesses are conducted in China, our operations are principally governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited number of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

It may be difficult to enforce any judgments obtained from non-PRC courts against us or our directors, supervisors or senior executive officers residing in China.

The PRC legal framework is substantially different from other jurisdictions with respect to certain areas. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which we are subject are also relatively undeveloped and untested.

China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or impossible.

RISKS RELATING TO THE SECURITIES AND THE GUARANTEE OF THE SECURITIES

The Securities and the Guarantee of the Securities are unsecured obligations.

As the Securities and the Guarantee of the Securities are unsecured obligations, their repayment may be compromised if:

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

The Securities are perpetual securities and investors have no right to require redemption.

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Holders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

Holders may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Terms and Conditions of the Securities.

The Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled Distribution on the Securities for any period of time. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Terms and Conditions of the Securities, subject to compliance with certain restrictions and notwithstanding any increase in the Distribution Rate which may be provided for under the Terms and Conditions of the Securities.

Although, following a deferral, Arrears of Distributions are cumulative, subject to the Terms and Conditions of the Securities, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders. Any such deferral of Distribution shall not constitute a default for any purpose. Each of the Issuer, the Guarantor and their respective subsidiaries is subject to certain restrictions in relation to the payment of discretionary dividends on its Junior Securities and its Parity Securities, the discretionary redemption and repurchase of its Parity Securities or Junior Securities until any outstanding Arrears of Distribution and Additional Distribution Amount are satisfied or save in certain specified situations as further described in the Terms and Conditions of the Securities. Such restrictions on discretionary payments act as the main deterrent against deferral of Distribution on the Securities.

Neither the Issuer, the Guarantor nor any of their respective subsidiaries has a consistent track record of making dividend payments. As such, the effectiveness of such restrictions as a deterrent against deferral of Distribution is limited and uncertain. Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Group's financial condition.

The Securities may be redeemed at the Issuer's option on the First Call Date and on each Distribution Payment Date after the First Call Date or the occurrence of certain other events.

The Securities are redeemable at the option of the Issuer in whole, but not in part, at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date and on each Distribution Payment Date after the First Call Date.

In addition, the Issuer also has the right to redeem the Securities upon the occurrence of a Step-Up Event. The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders. This may be disadvantageous to the Holders in

light of market conditions or the individual circumstances of the Holders of the Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

Changes in accounting standards may impact the Group's financial condition or the characterisation of the Securities.

The Ministry of Finance of the PRC has issued and may in the future issue more new and revised standards and interpretations. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new PRC GAAP will not have a significant impact on the Group's financial condition and results of operations. In addition, any change or amendment to, or any change or amendment to any interpretation of, Hong Kong Financial Reporting Standard (the "HKFRS") which is adopted by the Issuer or PRC GAAP may result in the reclassification of the Securities such that the Securities must not or must no longer be recorded as "equity" of the Issuer or (as the case may be) the Guarantor, and will give the Issuer the right to elect to redeem the Securities.

There are limited remedies for non-payment under the Securities.

Non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer and the Guarantor fail to make the payment when due. The only remedy against the Issuer and the Guarantor available to the Trustee or (where the Trustee has failed to proceed against the Issuer and the Guarantor as provided in the Terms and Conditions of the Securities) any Holder for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up proceedings in respect of any of the Issuer's and the Guarantor's payment obligations arising from the Securities and the Guarantee of the Securities.

The Securities confer Holders with limited rights upon the occurrence of a Step-Up Event.

The Securities confer Holders with limited rights upon the occurrence of a Step-Up Event. The Issuer may, at any time, on giving irrevocable notice to the Trustee, the Agents and Holders, redeem in whole, but not in part of the Securities if any of such events occurs. The Issuer is, however, not obliged to redeem the Securities upon the occurrence of any of such events under the Securities. If the Issuer elects not to redeem the Securities upon the occurrence of such events, the Distribution Rate will increase by a certain percentage per annum pursuant to Condition 4(e) of the Terms and Conditions of the Securities.

Legal investment considerations may restrict certain investments.

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

If the Guarantor fails to submit the Deed of Guarantee for registration with SAFE or complete the SAFE registration in connection with the Guarantee of the Securities within the time period prescribed by SAFE, there may be hurdles for cross-border payment under the Guarantee of the Securities.

Under the Guarantee of the Securities, the Guarantor will unconditionally and irrevocably guarantee the due payment in full of all sums expressed to be payable by the Issuer under the Securities. The obligations of the Guarantor will be contained in the Deed of Guarantee.

The Guarantor is required by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (《跨境擔保外匯管理規定》) to register the Guarantee of the Securities and will register the Deed of Guarantee with the Beijing Branch of SAFE within 15 PRC Business Days after the date of execution of the Deed of Guarantee. Although the non-registration does not render the Guarantee of the Securities ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor. The Guarantor intends to use its best endeavours to complete the registration of the Deed of Guarantee as soon as practicable and in any event within 90 PRC Business Days after the Issue Date. There is no assurance that the Guarantor will be able to complete the registration of the Deed of Guarantee with SAFE within the prescribed timeframe or at all. If the registration of the Guarantee of the Securities is not completed in accordance with the aforesaid provisions, the Guarantor may not be able to go through the procedures of purchase of foreign currency and remittance to perform its obligations under the Guarantee of the Securities and SAFE may impose a fine or other penalties on the Guarantor. If the Guarantor fails to complete the SAFE registration, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee of the Securities) as domestic banks would require evidence of SAFE registration in connection with the Guarantee of the Securities in order to effect such remittance, although this does not affect the validity of the Guarantee of the Securities itself. In addition, there is no guarantee that the Issuer will have sufficient funds to redeem the Securities in time, or on acceptable terms, or at all, if the Issuer intends to redeem the Securities if the Guarantor fails to complete the registration with the Beijing Branch of SAFE.

The Provisions on the Foreign Exchange Administration of Cross-Border Guarantees is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Guarantee of the Securities in the PRC. In addition, the administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the Guarantee of the Securities with SAFE can be completed by the Guarantor or that such registration will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the enforceability of the Guarantee of the Securities in the PRC.

If the Guarantor fails to complete the post-issuance report to the NDRC in connection with the Securities, NDRC may impose penalties or other administrative procedures on the Guarantor.

On 14 September 2015, the NDRC promulgated the NDRC Circular pursuant to which if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a tenor of more than one year, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain the Enterprise Foreign Debt Filing Certificate (企業發行外債備案登記證明) from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC will decide whether to accept a submission within five working days upon receipt of the submission and is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the bonds to the NDRC within ten business days upon the completion of the bond issue.

The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Securities. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular.

On 18 December 2015, the NDRC issued the Guidelines on Overseas Corporate Bond Issuance (企業境外發行債券指引)(the “**Guideline**”), which further strengthened the compliance of registration requirements under the NDRC Circular, and provides that companies, underwriters, law firms and other agencies that fail to comply with registration requirements and commit to maliciously report foreign debt

percentage and provide fake information might be put on the blacklist of dishonest persons and sanctioned by the PRC government. However, the Guideline does not provide details as to how to implement such blacklist and measures of sanction that the government will take.

The Guarantor has completed the registration with the NDRC and obtained a registration certificate on 22 March 2021 in respect of the issuance of Securities. The NDRC Circular is new and without any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices that may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose if not in compliance with such registration or post-issuance report required by the NDRC Circular. If the Guarantor does not report the post-issuance information with respect to the Securities within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Guarantor that may have a material adverse impact to its business, financial condition or results of operations.

There are exceptions to the restrictive operating covenants relating to the Securities.

The Terms and Conditions of the Securities will contain various covenants intended to benefit the Holders that limit the ability of the Issuer or the Guarantor to, among other things, create Security Interest (as defined in the Terms and Conditions of the Securities) upon the whole or any part of the present or future undertaking, assets or revenues (including uncalled capital) of the Issuer, the Guarantor or certain subsidiary of the Guarantor to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness (as defined in the Terms and Conditions of the Securities) outside the PRC.

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

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

Each potential investor in the Securities 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 Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities 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 Securities;
- understand thoroughly the terms of the Securities 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.

Changes in interest rates may have an adverse effect on the price of the Securities.

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

Investment in the Securities is subject to exchange rate risks.

Investment in the Securities is subject to exchange rate risks. The value of the U.S. dollar against the Renminbi and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. All payments of Distribution and principal with respect to the Securities will be made in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Renminbi or other foreign currencies, the value of a Holder's investment in Renminbi or other applicable foreign currency terms will decline.

The Issuer's ability to make payments under the Securities will depend on timely payments under on lent loans of the proceeds from the issue of the Securities to the Guarantor and its subsidiaries.

The Issuer is a wholly-owned subsidiary of the Guarantor formed for the principal purpose of financing. The Issuer does not and will not have any net assets other than such on lent loans and its ability to make payments under the Securities depends on timely payments under such loans.

In the event that the Guarantor and its subsidiaries do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Securities may be adversely affected.

The Group may raise other capital in the future.

The Group may, from time to time, and without prior consultation with the Holder and in accordance with the Trust Deed, create and issue further Securities (see "*Terms and Conditions of the Securities – Further Issues*") or otherwise raise additional capital through such means and in such manner as the Group may consider necessary. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a Winding-Up of the Issuer or may increase the likelihood of a deferral of Distributions under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Securities and/or the ability of Holders to sell their Securities.

The Securities and the Guarantee of the Securities will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Securities and the Guarantee of the Securities will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Securities will not be guaranteed by any of the Guarantor's subsidiaries, and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Guarantor is subject to various restrictions under applicable law. Each of the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Securities or Guarantee of the Securities or make any funds available therefore, whether by dividends, loans or other payments.

The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Guarantor are creditors of that subsidiary). Consequently, the Securities and the Guarantee of the Securities will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Securities and the Guarantee of the Securities are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Securities, these assets will be available to pay obligations on the Securities only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Holders ratably with all of the Issuer's or the Guarantor's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Securities then outstanding would remain unpaid.

The insolvency laws of Hong Kong, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the Holders are familiar.

As the Issuer is incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve Hong Kong insolvency laws. Similarly, as the Guarantor is incorporated under the laws of the PRC, any insolvency proceeding relating to the Guarantor, even if brought in other jurisdiction, would likely involve the PRC insolvency laws. The procedural and substantive provisions of the laws of Hong Kong or the PRC may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Holders are familiar.

The Securities will be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.

The Securities will be represented by beneficial interests in a Global Certificate. The Global Certificate will be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive individual certificates. The Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by the Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing System to receive payments under the Securities. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Certificate.

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

The Guarantor's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor, its jointly controlled entities and associated companies.

As a holding company, the Guarantor depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Securities and the Guarantee of the Securities. The ability of the Guarantor's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Guarantor cannot assure that its subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of directors of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions then existing, including the company's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant. In particular, the Guarantor does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments on the Securities. These factors could reduce the payments that the Guarantor receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Securities and the Guarantee of the Securities.

Due to uncertainties in the interpretation of certain provisions of the new VAT regime, the issuance of the Securities may be treated as provision of loans within the PRC that is subject to VAT, and Issuer or the Guarantor may be required to withhold VAT and local levies from the payment of interest income to Holders who are located outside of the PRC.

On 23 March 2016, the PRC Ministry of Finance and the PRC State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (Cai Shui [2016] No.36)(《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號))("Circular 36") which confirms that business tax will be completely replaced by value added tax ("VAT") from 1 May 2016. With effect from 1 May 2016, the income derived from the provision of financial services which previously attracted business tax are entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon.

It is not clear from the interpretation of Circular 36, if the provision of loans to the Issuer or the Guarantor could be considered as financial services provided within the PRC, which thus could be subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as PRC tax residents. PRC tax authorities could take the view that the holders of the Securities are providing loans within the PRC because the Issuer is treated as PRC tax residents or because the Guarantor is located in PRC. In which case, the issuance of the Securities could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the PRC tax authorities take the view that the holders of the Securities are providing loans within the PRC, then the holders of the Securities could be regarded as providing financial services within PRC and consequently, the holders of the Securities shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Securities. In addition, the holders of the Securities shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.7 per cent. Given that the Issuer or the Guarantor pays interest income to Holders who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Holders who are located outside of the PRC.

Where a holder of the Securities who is an entity or individual located outside of the PRC resells the Securities to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically the Circular 36 does not apply and the Issuer or the Guarantor does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Securities is located within the PRC.

Circular 36 has been issued quite recently and the above disclosure 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.

There is no assurance that the Issuer will not be treated as a PRC tax resident enterprise by the PRC tax authorities in the future. Pursuant to the EIT Law, Individual Income Tax Law of the PRC, the Business Tax Laws and the VAT reform detailed above, the Issuer or the Guarantor may need to withhold EIT or individual income tax, (should such tax apply) from the payments of interest in respect of the Securities for any non-PRC-resident Holder and the Issuer or the Guarantor may need to withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Securities for any Holders located outside of the PRC.

For more information, see “*Terms and Conditions of the Securities – Condition 7 (Taxation)*”. No PRC stamp duty will be imposed on non-PRC Holders either upon issuance of the Securities or upon a subsequent transfer of Securities to the extent that the register of holders of the Securities is maintained outside the PRC and the issuance and the sale of the Securities is made outside of the PRC.

The Securities are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Securities may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Securities, the Issuer and the Guarantor are required to gross up payments on account of any such withholding taxes or deductions (whether by way of EIT, business tax, VAT or otherwise), the Issuer also has the right to redeem the Securities at any time in the event (i) it (or Guarantor, if a demand was made under the Guarantee of the Securities) has or will become obliged to pay additional tax amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction (only where such tax or withholding is in excess of the applicable rate on 12 April 2021) or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 April 2021 and (ii) such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it.

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders. This may be disadvantageous to the Holders in light of market conditions or the individual circumstances of the Holders of the Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in their respective debt agreements, or the Securities, there could be a default under the terms of these agreements, or the Securities, which could cause repayment of the Issuer's or (as the case may be) the Guarantor's debt to be accelerated.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Securities, or if the Issuer or 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 Issuer or (as the case may be) the Guarantor, 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 Issuer's or the Guarantor's debt agreements, including the Securities, contain cross-default provisions. As a result, the default by the Issuer or (as the case may be) the Guarantor under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Securities. If any of these events occur, there can be no assurance that the Issuer's or (as the case may be) the Guarantor's assets and cash flows would be sufficient to repay in full all of the Issuer's or (as the case may be) the Guarantor's indebtedness, or that it would be able to find alternative financing. Even if the Issuer or (as the case may be) the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or (as the case may be) the Guarantor.

An active trading market for the Securities may not develop.

The Securities are a new issue of securities for which there is currently no trading market. Application has been made to the SEHK for listing of, and permission to deal in, the Securities by way of debt issue to Professional Investors only. None of the Managers is obligated to make a market in the Securities, and if the Managers do so they may discontinue such market-making activity at any time without notice. Further, the Securities may be allocated to a limited number of investors, in which case liquidity may be limited. In addition, the Securities are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Securities will only be able to resell the Securities in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The ratings of the Securities and the Guarantor may be downgraded or withdrawn.

The Securities are expected to be rated "Baa1" by Moody's and "Ag+" by CCXAP. The rating represents the opinions of the rating agency and its assessment of the ability of the Issuer to perform its obligations under the Securities and credit risks in determining the likelihood that payments will be made when due under the Securities. The Guarantor is rated "Baa1" by Moody's, "BBB+" by S&P, "BBB+" by Fitch and "Ag+" by CCXAP. Any decline in the financial position of the the Guarantor or any of its subsidiaries may result in the rating of the Guarantor being revised, suspended or withdrawn entirely. A rating is not a recommendation to buy, sell or hold the Securities and may be subject to suspension, reduction or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Securities if a rating is lowered or withdrawn. Any adverse change in an applicable credit rating could adversely affect the trading price for the Securities.

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

The price and trading volume of the Securities may be highly volatile. Factors such as variations in the Issuer's and the Guarantor's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies

could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. There is no assurance that these developments will not occur in the future.

Under the Enterprise Income Tax Law, the Issuer may be classified as a “resident enterprise” of the PRC. Such classification could result in unfavourable tax consequences to the Issuer and its non-PRC Holders.

The Issuer is incorporated under the laws of Hong Kong. Under the Enterprise Income Tax Law (the “EIT Law”) of the PRC, an enterprise established outside the PRC with a “de facto management body” within the PRC is deemed a “resident enterprise”, meaning that it can be treated as a PRC enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 (“Circular 82”) provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management frequently reside within the PRC. On 1 September 2011, the State Administration of Taxation promulgated the Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (“Circular 45”), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or PRC enterprise group”. Circular 45 identifies and defines two ways for a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its investigation.

The Issuer and the Guarantor believe that the Issuer is currently not a “resident enterprise”, and as confirmed by the Issuer and the Guarantor, as at the date of this Offering Circular, neither the Issuer nor the Guarantor has been notified or informed by the PRC tax authorities that the Issuer is considered as a “resident enterprise” for the purpose of the EIT Law. However, neither the Issuer nor the Guarantor can assure Holders that the Issuer will not be deemed a “resident enterprise” under the EIT Law and other applicable implementation regulations and, therefore, be subject to enterprise income tax at a rate of 25 per cent. on its global income in the future.

If the Issuer is not considered to be a “resident enterprise” for EIT Law purposes, the payment of interest on the Securities to the overseas Holders will not be subject to PRC withholding tax.

Under the EIT Law and the implementation regulations thereunder, PRC withholding tax at a rate of 10 or 20 per cent. is normally applicable to PRC-source income derived by non-PRC resident enterprises or individuals, subject to adjustment by applicable treaty. The EIT Law’s implementation regulations further set forth that interest income is viewed as PRC-source income if the enterprise or the establishment that pays or bears the interest is situated in the PRC. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid to non-PRC resident Holders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at a rate of 10 per cent. for enterprise Holders and 20 per cent. for individual Holders (or a lower treaty rate, if any).

Any gains realised on the transfer of the Securities by such Holders may also be subject to PRC income tax at a rate of 10 per cent. for enterprise Holders or 20 per cent. for individual Holders, if such gains are regarded as PRC-sourced. According to an arrangement between the PRC and Hong Kong for the avoidance of double taxation, Holders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Securities.

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

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

In certain circumstances, including, without limitation, the giving of notice to the Issuer and the Guarantor pursuant to Condition 8 (*Non-payment*) of the Terms and Conditions of the Securities and taking enforcement steps pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions of the Securities, the Trustee may, at its sole discretion, request the Holders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Holders. The Trustee shall not be obliged to take any such actions if not 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 or the Terms and Conditions of the Securities 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 holders of the Securities to take such actions directly.

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

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

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

The Terms and Conditions of the Securities contain provisions for calling meetings of the holders of the Securities (including by of teleconference or videoconference call) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including those Holders who did not attend and vote at the relevant meeting and those Holders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Securities may be adverse to the interests of individual holders of the Securities.

The Terms and Conditions of the Securities also provide that the Trustee may, without the consent of the holders of the Securities, agree to any modification of the Trust Deed, the Terms and Conditions of the Securities, the Deed of Guarantee (in each case, other than in respect of certain reserved matters) or the Agency Agreement which, in the opinion of the Trustee will not be materially prejudicial to the

interests of the holders of the Securities and to any modification of the Trust Deed, the Terms and Conditions of the Securities, the Deed of Guarantee or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Securities, authorise or waive any proposed breach or breach of the Securities, the Trust Deed, the Deed of Guarantee or the Agency Agreement (in each case, other than a proposed breach, or a breach relating to the subject to certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Securities will not be materially prejudiced thereby.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Holders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Securities and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判斷的安排), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Holders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Holders' ability to initiate a claim outside of Hong Kong will be limited.

A change in English law which governs the Securities may adversely affect the Holders.

The "*Terms and Conditions of the Securities*" are based on English law in effect. No assurance can be given as to the impact of any possible judicial decision or change to English law, or administrative practices after the date of this Offering Circular and any such change could materially adversely impact the value of any Securities affected by it.

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

The market price of the Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for the 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 issues in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Securities could be adversely affected.

For example, since July 2018, the U.S. and PRC had made various announcements to increase and impose tariffs on goods from the other country. On 15 January 2020, the two sides showed signs of making a truce by signing the Phase 1 Deal pursuant to which, amongst other things, the U.S. committed to cut some tariffs on Chinese goods and the PRC pledged to purchase more U.S. goods and address some intellectual property complaints. The effect of such tariffs on the economy of the PRC and the U.S. is yet to be seen, and the trade dispute between the PRC and the U.S. and the increasing amount of the tariff that the U.S. plans to impose on Chinese imports 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.

Further, the World Health Organisation declared COVID-19 to be a global pandemic. There has been rapid and widespread increase in new infections in the United States, Europe and other parts of the world and increased fatality rates in many countries. Citizens in many affected countries and areas have been being advised or required to stay at their homes subject to limited exceptions. Despite the recently developed vaccines, these are still in the early stages of being widely rolled out globally and their effectiveness remains to be seen. There are also new strains of COVID-19 in the UK and in South Africa. The reduced consumption, commercial activities and industrial production will severely disrupt their economies and the global supply chain and may result in recessions in these economies.

As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities which may adversely affect the market price of the Securities. Investors must exercise caution before making any investment decisions.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the Terms and Conditions of the Securities which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates (as defined below) issued in respect of the Securities.

The U.S.\$500,000,000 2.95 per cent. senior guaranteed perpetual securities (the “**Securities**”, which expression includes any further securities issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of MCC Holding (Hong Kong) Corporation Limited (中冶控股(香港)有限公司)(the “**Issuer**”) was authorised by a resolution of the board of directors of the Issuer passed on 9 April 2021. The Securities are guaranteed by Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司)(the “**Guarantor**”) pursuant to a deed of guarantee dated 20 April 2021 as amended or supplemented from time to time (the “**Deed of Guarantee**”). The giving of the Guarantee and the entry into the Deed of Guarantee was authorised by a shareholder resolution of the Guarantor and a resolution of the board of directors of the Guarantor on 29 June 2020 and 3 February 2021, respectively. The Securities are constituted by, are subject to, and have the benefit of, a trust deed dated 20 April 2021 (as amended or supplemented from time to time, the “**Trust Deed**”) entered into by the Issuer, the Guarantor and Citicorp International Limited as trustee (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) and are the subject of an agency agreement dated 20 April 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, Citibank N.A., London Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Securities), as the transfer agent named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities), the principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Securities), the calculation agent (the “**Calculation Agent**”, which expression includes any successor calculation agent appointed from time to time in connection with the Securities), the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agent, the Calculation Agent and the Paying Agents and any reference to an “**Agent**” is to any one of them.

Certain provisions of these Conditions are summaries of the Deed of Guarantee, the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Holders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Deed of Guarantee, the Trust Deed and the Agency Agreement applicable to them. Upon written request and proof of Holders ownership, copies of the Deed of Guarantee, the Trust Deed and the Agency Agreement will be available for Holders during normal business hours (being between 9:00 a.m. and 3:00 p.m. Monday to Friday other than public holidays) (i) at the registered office for the time being of the Trustee, being at the date hereof 20/ F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below or (ii) through electronic mail. All capitalised terms not defined in these Conditions have the meanings ascribed to them in the Trust Deed.

1. **Form, Denomination, Status and Guarantee**

- (a) *Form and denomination:* The Securities are in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Securities:* The Securities constitute direct, general, unconditional (subject to Condition 3(a) (*Negative Pledge*)) unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves

and at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

- (c) *Status of the Guarantee of the Securities*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment in full of all sums expressed to be from time to time payable by the Issuer under the Trust Deed and in respect of the Securities (the “**Guarantee of the Securities**”). The Guarantee of the Securities constitutes a direct, general, unconditional, unsubordinated and (subject to Condition 3(a) (*Negative Pledge*)), unsecured obligations of the Guarantor which shall, at all times rank at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Upon issue, the Securities will be evidenced by a global Certificate (the “Global Certificate”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) and will be exchangeable for individual Certificates only in the circumstances set out therein.

2. **Register, Title and Transfers**

- (a) *Register*: The Registrar will maintain a register (the “**Register**”) in respect of the Securities in Hong Kong in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Holder**” shall be construed accordingly. A certificate (each, a “**Certificate**”) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers*: Subject to Conditions 2(f) and 2(g) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

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

- (d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with Condition 2(c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount of the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Holders may not require transfers to be registered:
 - (i) during the period of 15 days ending on the due date for any payment of principal in respect of the Securities; or
 - (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(e) (*Record date*)).
- (g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar to any Holder who requests in writing a copy of such regulations.

3. Negative Pledge and Other Covenants

- (a) Negative Pledge:

So long as any Security remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Securities equally and rateably therewith or (b) providing such other security for the Securities as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Holders.

- (b) Filings:

- (i) the Guarantor undertakes to file or cause to be filed with the Beijing Branch of the State Administration of Foreign Exchange (“SAFE”), the Guarantee of the Securities within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration

Deadline and comply with all applicable PRC laws and regulations in relation to the Guarantee of the Securities. The Guarantor shall within five PRC Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) and in any event before the Registration Deadline, (A) provide the Trustee with a certificate signed by two directors of the Guarantor confirming the completion of the Cross-Border Security Registration together with a certified true copy of the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) relating to such registration and (B) give notice to the Holders in accordance with Condition 15 (*Notices*); and

- (ii) the Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe 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, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”). The Guarantor shall complete the NDRC Post-issue Filing and provide such document(s) evidencing due filing with the NDRC within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Securities. The Guarantor shall within five PRC Business Days after submission of such NDRC Post-issue Filing (A) provide the Trustee with a certificate signed by two directors of the Guarantor confirming the submission of the NDRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC) and (B) give notice to the Holders in accordance with Condition 15 (*Notices*).

(c) Provision of Information:

So long as any Security remains outstanding, the Guarantor shall make available on the website of the SEHK:

- (i) within 120 days after the end of the financial year of the Guarantor, being currently 31 December (any change of which, the Guarantor will notify in writing to the Trustee), its audited financial statements (on a consolidated basis, if applicable) in Chinese (with an English translation provided for information only) prepared and presented in accordance with PRC GAAP for and as at the last financial year of the Guarantor; and
- (ii) within 90 days after the end of each first semi-annual period of the Guarantor, the unaudited financial statements (on a consolidated basis, if applicable) in respect of such first semi-annual period (including a statement of income, balance sheet and cash flow statement) in Chinese (with an English translation provided for information only) prepared on a basis consistent with the audited financial statements of the Guarantor.

If the SEHK shall cease to make such website available for public access or it is otherwise not possible for the Guarantor to publish its financial statements on the website of the SEHK, the Guarantor shall promptly deliver to the Trustee all such financial statements listed in subparagraphs (i) and (ii) and the certificates listed above prepared from the Issue Date.

(d) Rating Maintenance:

So long as any Security remains outstanding, save with the approval of an Extraordinary Resolution of Holders, each of the Issuer and the Guarantor shall maintain a rating on the Securities by a Rating Agency.

4. Distribution

- (a) *Distribution*: Subject to Condition 4(d) (*Distribution Deferral*) and Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*), the Securities confer a right to receive distribution (each a “**Distribution**”) from, and including, the Issue Date at the Distribution Rate in accordance with this Condition 4(a). Subject to Condition 4(d) (*Distribution Deferral*) and Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*), Distribution shall be payable on the Securities semi-annually in arrear on 20 October and 20 April of each year (each, a “**Distribution Payment Date**”), commencing on 20 October 2021.

If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

- (b) *Rate of Distribution*: Subject to any increase pursuant to Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*), the rate of distribution (“**Distribution Rate**”) applicable to the Securities shall be:

(i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 20 April 2024 (the “**First Call Date**”), the Initial Distribution Rate; and

(ii) in respect of the period (A) from, and including, the First Call Date to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

- (c) *Distribution Accrual*: Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from, and including, the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused, in which event Distribution shall continue to accrue as provided in the Trust Deed. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Holders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).

- (d) *Distribution Deferral*:

(i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an “**Optional Deferral Notice**”) to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent in writing not more than 10 business days nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (a “**Optional Deferral Event**”).

(ii) *No obligation to pay*: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) (*Optional Deferral*).

- (iii) *Requirements as to Notice*: Each Optional Deferral Notice delivered to the Trustee, the Principal Paying Agent and the Holders shall be accompanied by a certificate substantially in the form set out in the Trust Deed signed by two directors of the Guarantor confirming that no Compulsory Distribution Payment Event has occurred. The Trustee and the Principal Paying Agent shall be entitled to accept such certificate as sufficient evidence of the occurrence of an Optional Deferral Event in which event it shall be conclusive and binding on the Holders.
- (iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(d) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i) (*Optional Deferral*)) to further defer (in whole or in part) any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of Distribution. The Issuer is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) (*Restrictions in the case of Deferral*) shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the foregoing provisions of Condition 4(a). The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (v) *Restrictions in the case of Deferral*: Each of the Issuer and the Guarantor undertakes that, unless on any Distribution Payment Date payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities, any Arrears of Distribution and any Additional Distribution Amount) is made in full:
 - (A) it shall not declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis), or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or
 - (B) it shall not, at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis), (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full, all outstanding Arrears of Distribution and Additional Distribution Amount or (y) the Issuer or the Guarantor is otherwise permitted to do so by an Extraordinary Resolution of the Holders.

(vi) *Satisfaction of Arrears of Distribution by payment:* The Issuer:

- (A) may satisfy any Arrears of Distribution and Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent in writing not more than 10 nor less than five business days prior to the proposed payment date specified in such notice (which notice shall be irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts, on the payment date specified in such notice); and
- (B) in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Securities in accordance with the redemption events set out in Condition 5 (*Redemption and Purchase*);
 - (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(v) (*Restrictions in the case of Deferral*) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) a Winding-Up of the Issuer or the Guarantor.

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Securities on a pro-rata basis.

(vii) *No default:* Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4(d) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer under the Securities or the Guarantor under the Guarantee of the Securities or for any other purpose.

(e) Increase in Distribution Rate following occurrence of certain events:

- (i) *Increase in Distribution Rate:* Upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Securities has been given by the Issuer to Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent pursuant to Condition 5 (*Redemption and Purchase*) by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, **provided that** the maximum aggregate increase in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum and the Distribution Rate shall not exceed the Maximum Distribution Rate. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this Condition 4(e) is separate from and in addition to any increase in the Distribution Rate pursuant to Condition 4(b)(ii).

Any increase in the Distribution Rate pursuant to this Condition 4(e) shall be notified by the Issuer to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents in writing no later than the 14th day following the occurrence of the relevant Step-Up Event.

- (ii) **Decrease in Distribution Rate:** If following an increase in the Distribution Rate after a Step-Up Event, such Step-Up Event is cured or no longer exists, upon written notice of such facts being given to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 3.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Step-Up Event **provided that** the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum.

5. **Redemption and Purchase**

- (a) *No fixed redemption:* The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.
- (b) *Redemption at the option of the Issuer:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date (each, a "**Call Date**"). On expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Securities on the relevant Call Date in accordance with this Condition 5(b) at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).
- (c) *Redemption for tax reasons:* The Securities 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 (in accordance with Condition 15 (*Notices*)) to the Holders (which notice shall be irrevocable), the Trustee and the Principal Paying Agent at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) (A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 April 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, as the case may be as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations

(including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 April 2021 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate signed by one director of the Issuer stating that the circumstances referred to in Conditions 5(c)(i)(A) and 5(c)(i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in Conditions 5(c)(ii)(A) and 5(c)(ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled, without being liable to Holders or any other Person, to conclusively rely on such certificate and opinion without investigation and to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Holders.

Upon the expiry of any such notice period as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c).

- (d) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not less than 30 nor more than 60 days' notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Holders and the Principal Paying Agent (which notice shall be irrevocable) at:
 - (i) 101 per cent. of their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or
 - (ii) their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date,

if, immediately before giving such notice, the Issuer notifies the Trustee that an Accounting Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate, signed by one director of the Issuer or (as the case may be) two directors of the Guarantor stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion, in form and substance satisfactory to the Trustee, of the independent auditors of the Issuer or (as the case may be) the independent auditors of the Guarantor stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change or amendment to the relevant official interpretation of, the Relevant Accounting Standards is due to take effect,

provided, however that no notice of redemption may be given under this Condition 5(d) earlier than 90 days prior to the date on which the relevant change or amendment, or change or amendment to the relevant interpretation of, to the Relevant Accounting Standards is due to take effect in relation to the Issuer or (as the case may be) the Guarantor.

Upon the expiry of any such notice period as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d) **provided that** such date for redemption shall be no earlier than the last day before the date on which the Securities must not or must no longer be so recorded as “**equity**” of the Issuer or (as the case maybe) the Guarantor pursuant to the Relevant Accounting Standards.

The Trustee shall be entitled, without being liable to the Holders or any other Person, to conclusively rely on such certificate and opinion and to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (A) and (B) of this Condition 5(d), in which event it shall be conclusive and binding on the Holders.

- (e) *Redemption for Change of Control:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days’ irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at 101 per cent. of their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if Change of Control occurs.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate, signed by two directors of the Guarantor stating that the circumstances referred to above in this Condition 5(e) prevail and setting out the details of such circumstances.

The Trustee shall be entitled, without being liable to Holders or any other Person, to conclusively rely on such certificate without investigation and accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Holders. Upon the expiry of any such notice period as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(e).

- (f) *Redemption for a Breach of Covenant Event:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event.

Upon the expiry of any such notice period as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(f).

- (g) *Redemption for a Relevant Indebtedness Default Event:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice (in accordance with Condition 15 (*Notices*)) to the

Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.

Upon the expiry of any such notice period as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(g).

- (h) *Redemption for minimum outstanding amount:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 15 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled.

Upon the expiry of any such notice period as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(h).

- (i) *No other redemption:* The Issuer shall not be entitled to redeem the Securities otherwise than as provided in Conditions 5(b) to 5(h) above.
- (j) *Purchase:* The Guarantor or any of its Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.
- (k) *Cancellation:* All Securities so redeemed or purchased by the Guarantor or any of its Subsidiaries shall be cancelled and may not be reissued or resold.
- (l) *No duty to monitor:* The Trustee shall not be obliged to take any steps to ascertain whether a Step-Up Event or an Accounting Event has occurred or to monitor the occurrence of any Step-Up Event or Accounting Event, and shall not be liable to the Holders or any other person for not doing so.
- (m) *Calculations:* Neither the Trustee nor any of the Agents, apart from the Calculation Agent, shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Holders or any other person for not doing so.

6. Payments

- (a) *Principal:* Payments of principal shall be made by wire transfer to a U.S. dollar account maintained by the payee and (i) (in the case of redemption) upon surrender, or (ii) (in the case of part payment only) upon endorsement of the relevant Certificates at the Specified Office of any Paying Agent.
- (b) *Distribution:* Payments of Distribution (including any Arrears of Distribution and any Additional Distribution Amount) shall be made by wire transfer to a U.S. dollar account maintained by the payee and (i) (in the case of Distribution payable on redemption) upon surrender, or (ii) (in the case of part payment only) upon endorsement of the relevant Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or

deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

- (d) *Payments on business days*: Where payment is to be made by wire transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 6(d), “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City, London and Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “**Record Date**”).

*While the Securities are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive, except 25 December and 1 January).*

- (f) *Partial payment*: If a Paying Agent makes a partial payment in respect of any Securities, the Issuer shall procure that the amount and date of such payment are noted in the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

7. **Taxation**

All payments of principal, premium (if applicable) and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, the Trust Deed and under the Guarantee of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, “**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law.

Where such withholding or deduction is made by the Issuer or (as the case may be) the Guarantor by or within the PRC up to the rate applicable on 12 April 2021 (the “**Applicable Rate**”), the Issuer or the Guarantor, as the case may be, will pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

If the Issuer or the Guarantor is required to make (i) such deduction or withholding by or within the PRC, in excess of the Applicable Rate or (ii) any deduction or withholding by or within Hong Kong, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Holders of such amounts after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable in respect of any Security:

- (a) held by a Holder which is liable to such Taxes in respect of such Security by reason of its having some connection with the Relevant Jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Security or where the withholding or deduction could be avoided by the Holder making a declaration of non-residence, declaration of identity or other similar claim for exemption to the appropriate authority; or
- (b) where (in the case of a payment of principal or Distribution on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

Any reference in these Conditions to principal or Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any additional amounts in respect of such principal or Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the PRC, references in these Conditions to Hong Kong or the PRC shall be construed as references to Hong Kong or (as the case may be) the PRC and/or such other jurisdiction.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, Holders or any other person to pay such tax, duty, charges, withholding or other payment.

8. Non-payment

- (a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8 (*Non-payment*), the right to institute proceedings for Winding-Up of the Issuer or the Guarantor is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d) (*Distribution Deferral*).
- (b) *Proceedings for Winding-Up*: If (i) there is a Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer or the Guarantor shall be deemed to be in default under the Trust Deed, the Guarantee of the Securities and the Securities and the Trustee may, subject to the provisions of Condition 8(d) (*Entitlement of Trustee*), institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or prove in the Winding-Up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.
- (c) *Enforcement*: Without prejudice to Condition 8(b) (*Proceedings for Winding-Up*) but subject to the provisions of Condition 8(d) (*Entitlement of Trustee*), the Trustee may at its discretion and without notice to the Issuer or the Guarantor institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under Trust Deed, the Guarantee of the Securities or the Securities (other than any payment obligation of the Issuer and/or the Guarantor under or arising from the Securities, the Guarantee of the Securities or the Trust Deed, including, without limitation, payment of any principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. The rights and remedies of the Trustee and the Holders under the Securities and the Trust Deed are cumulative and not exclusive of any rights or remedies provided by law.
- (d) *Entitlement of Trustee*: The Trustee shall not be obliged to take any of the actions referred to in Condition 8(b) (*Proceedings for Winding-Up*), Condition 8(c) (*Enforcement*) above against the Issuer or the Guarantor to enforce the terms of the Trust Deed, the Guarantee of the Securities or the Securities unless (a) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least 25 per cent. in principal amount of the Securities then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded in accordance with the Trust Deed or the Securities.
- (e) *Right of Holders*: No Holder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up of the Issuer or the Guarantor or claim in the liquidation of the Issuer or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 8 (*Non-payment*).
- (f) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8 (*Non-payment*), shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Securities, the

Guarantee of the Securities or under the Trust Deed or in respect of any breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities or the Trust Deed.

9. Prescription

Claims for payment in respect of the Securities shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and the Transfer Agent having its Specified Office in Hong Kong, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar and the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or secured to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Holders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without being accountable for the same (including) any profit therefrom) to the Holders or any person.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Holders as a class and will not be responsible for any consequence for individual Holders of Securities as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee may act on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant, auditor, surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Guarantor, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee will not be responsible to anyone for any liability occasioned by so acting. The Trustee shall further be entitled to conclusively and without liability rely on any information, advice, opinions, certificates (including any compliance certificates) and other evidence as it shall require to be delivered in accordance with these Conditions and/or the Trust Deed without further investigation or monitoring duty and accept such information, advice, opinions and certificates as sufficient evidence of the satisfaction and contents of the circumstances referred to within.

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar principal paying agent and

additional or successor paying agents, calculation agents and transfer agents; provided, however, that the Issuer and the Guarantor shall at all times maintain (a) a principal paying agent and a registrar, and (b) a paying agent and a transfer agent.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

Neither the Trustee nor the Agents shall be required to monitor the occurrence of any Step-Up Event or of any event under Condition 5 (*Redemption and Purchase*) that may trigger the option of redemption, and shall not be liable to the Issuer, the Guarantor, the Holders or any other Person for not doing so.

12. Meetings of Holders; Modification and Waiver

(a) *Meetings of Holders:* The Trust Deed contains provisions for convening meetings of Holders (including by teleconference or videoconference call) to consider matters relating to the Securities, including the modification of any provision of these Conditions, the Deed of Guarantee or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Holders holding not less than one-tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; provided, however, that certain proposals (including any proposal to (i) modify the circumstances in which the Securities may be redeemed or the circumstances in which Distribution (including any Arrears of Distribution or Additional Distribution Amounts) are payable or may be deferred or (ii) to reduce or cancel the principal amount of, or Distribution (including any Arrears of Distribution or Additional Distribution Amounts) on or to vary the method of calculating the Distribution Rate or to reduce the Distribution Rate in respect of the Securities (other than as provided under these Conditions) or (iii) to amend the terms of the Guarantee of the Securities (iv) to change the currency of payments under the Securities or (v) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)), may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Holders holding not less than 90 per cent. of the aggregate principal amount of the Securities outstanding and who for the time being are entitled to receive notice of a meeting of Holders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) *Modification and waiver:* The Trustee may, without the consent of the Holders, agree to any modification of these Conditions, the Deed of Guarantee or the Trust Deed (in each case, other than in respect of a Reserved Matter) or the Agency Agreement which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Holders and to any modification of the Securities, the Deed of Guarantee, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Holders, authorise or waive any proposed breach or breach of the Securities or of any of the provisions of the Deed of Guarantee, Trust Deed or the Agency Agreement (in each case, other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Holders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be notified to the Holders as soon as practicable thereafter.

Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed, the Deed of Guarantee or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee 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 or certification where the Trustee is seeking such directions.

13. **Enforcement**

The Trustee may at any time, at its absolute discretion and without notice, institute such actions, steps or proceedings as it thinks fit to enforce its rights under the Deed of Guarantee, the Trust Deed and the Agency Agreement and in respect of the Securities, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Securities or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Holder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. **Further Issues**

Subject to compliance with Condition 3(b) (*Filings*), the Issuer may from time to time, without the consent of the Holders and in accordance with the Trust Deed, create and issue further Securities having the same terms and conditions as the Securities in all respects (except for the Issue Date, the issue price, the first payment of Distribution and the timing for reporting to the NDRC and filing with SAFE) so as to form a single series with the Securities. The Issuer may from time to time, with the consent of the Trustee (acting on an Extraordinary Resolution), create and issue other series of Securities having the benefit of the Trust Deed.

15. **Notices**

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Global Certificate is held on behalf of Euroclear and Clearstream any notice to the holders of the Securities shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. **Currency Indemnity**

If any sum due from the Issuer or the Guarantor in respect of the Securities or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Securities, the Issuer and the Guarantor shall indemnify the Trustee and each Holder, on the written demand of the Trustee or such Holder addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

17. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Securities, the Trust Deed, the Deed of Guarantee, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith, are governed by English law.
- (b) *Jurisdiction:* Each of the Issuer and the Guarantor has in the Trust Deed and the Deed of Guarantee (i) agreed for the benefit of the Holders that Hong Kong courts shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Securities (including any non-contractual obligation arising out of or in connection with the Securities); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) consented to the enforcement of any judgment; and (iv) to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction. The Guarantor has in the Trust Deed, the Deed of Guarantee and the Agency Agreement designated the Issuer to accept service of process in Hong Kong on its behalf. The Agency Agreement also states that nothing contained in the Agency Agreement prevents any of the Holders from taking proceedings related to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and that, to the extent allowed by law, any of the Holders may take concurrent Proceedings in any number of jurisdictions.

18. Definitions

In these Conditions:

“**Accounting Event**” means the occurrence of any changes or amendments to, or a change or amendment to any official interpretation of, PRC GAAP or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Issuer’s or the Guarantor’s consolidated financial statements (the “**Relevant Accounting Standards**”), the Securities in whole or in part must not or must no longer be recorded as “**equity**” of the Issuer or the Guarantor pursuant to the Relevant Accounting Standards;

“**Additional Amounts**” has the meaning ascribed to it in Condition 7 (*Taxation*);

“**Additional Distribution Amount**” has the meaning ascribed to it in Condition 4(d)(iv) (*Cumulative Deferral*);

“**Arrears of Distribution**” has the meaning ascribed to it in Condition 4(d)(iv) (*Cumulative Deferral*);

“**Breach of Covenant Event**” means the occurrence of (a) a Covenant Breach and (b) the Trustee, acting on the instructions of the Holders holding 25 per cent. or more in aggregate principal amount of the Securities outstanding, giving notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with Condition 4(e) (*Increase in Distribution Rate following the occurrence of certain events*) unless the Securities are redeemed in accordance with Condition 5(f) (*Redemption for Breach of Covenant Event*), provided that the Trustee shall not and shall not be obliged to take any such action unless it has been indemnified and/or secured and/or pre-funded to its satisfaction;

“**business day**” means: (a) in respect of Condition 2 (*Register, Title and Transfers*), a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office; (b) in respect of Condition 4 (*Distribution*), any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and London; and (c) in respect of Condition 6 (*Payments*), any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong and in the place of the specified office of the relevant Paying Agent and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed);

“**Call Date**” has the meaning ascribed to it in Condition 5(b) (*Redemption at the option of the Issuer*);

“**Change of Control**” means the occurrence of one or more of the following events: (i) the Guarantor ceases to directly or indirectly beneficially own 100 per cent. of the shares in the Issuer; (ii) the government of the PRC or the State Asset Supervision and Administration Committee or Persons under the Control of the government of the PRC or the State Asset Supervision and Administration Committee ceases to directly or indirectly or in combination Control the Guarantor; or (iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any Person or Persons, acting together, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; For the purpose of this definition, “**Control**” means (where applicable): (a) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (b) otherwise than as required by applicable law, the right to nominate or designate the majority of the members then in office of such person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital,

the possession of Voting Rights, contract or otherwise or (c) the right to nominate or designate the chief executive officer and the chief financial officer (or such equivalent designation) of such person. For the avoidance of doubt, a person is deemed to have Control of another person so long as it fulfils one of the three foregoing requirements;

“**Comparable Treasury Issue**” means the US Treasury security selected by the Issuer and notified to the Calculation Agent as having a maturity of three years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of three years;

“**Comparable Treasury Price**” means, with respect to any redemption date:

- (a) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated “**Composite 3:30 p.m. Quotations for U.S. Government Securities**”; or
- (b) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

“**Compulsory Distribution Payment Event**” means that, during the 3-month period ending on the day before the relevant Distribution Payment Date, either or both of the following have occurred:

- (a) a discretionary dividend, discretionary distribution or other discretionary payment has been declared or paid by the Issuer or the Guarantor on or in respect of any of the Parity Securities or Junior Securities of the Issuer or the Guarantor (except in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis); or
- (b) the Issuer or the Guarantor has at its discretion redeemed, repurchased, cancelled, bought-back or otherwise acquired for any consideration any of Parity Securities or Junior Securities of the Issuer or the Guarantor (except in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis);

“**Covenant Breach**” means a non-compliance and/or non-performance by the Issuer or the Guarantor of any one or more of its obligations and covenants set out in Condition 3 (*Negative Pledge and Other Covenants*) or Condition 4(d)(v) (*Restrictions in the case of Deferral*) or the failure to meet the Registration Conditions on or before the Registration Deadline;

“**Distribution**” has the meaning ascribed to it in Condition 4(a) (*Distribution*) and includes Arrears of Distribution and Additional Distribution Amount (if any) whether or not so specified in these Conditions;

“**Distribution Payment Date**” has the meaning ascribed to it in Condition 4(a) (*Distribution*);

“**Distribution Rate**” has the meaning ascribed to it in Condition 4(b) (*Rate of Distribution*);

“**First Call Date**” has the meaning ascribed to it in Condition 4(b)(i);

“**Guarantee**” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

- (a) any obligation to purchase such indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such indebtedness; and
- (d) any other agreement to be responsible for such indebtedness;

“**Guarantee of the Securities**” has the meaning ascribed to it in Condition 1(c) (*Status of the Guarantee of the Securities*);

“**Holder**” has the meaning ascribed to it in Condition 2(a) (*Register*);

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Initial Distribution Rate**” means 2.95 per cent. per annum;

“**Issue Date**” means 20 April 2021;

“**Junior Securities**” means (a) in respect of the Issuer, any class of the Issuer’s share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or Guaranteed by the Issuer; and (b) in respect of the Guarantor, any class of the Guarantor’s share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or Guaranteed by the Guarantor;

“**Macau**” means the Macau Special Administrative Region of the PRC;

“**Maximum Distribution Rate**” means:

- (a) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, the First Call Date, the Initial Distribution Rate plus 3.00 per cent. per annum; and
- (b) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate plus 3.00 per cent. per annum;

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

“**Optional Deferral Event**” has the meaning ascribed to it in Condition 4(d) (*Distribution Deferral*);

“**Optional Deferral Notice**” has the meaning ascribed to it in Condition 4(d) (*Distribution Deferral*);

“Parity Securities” means (a) in respect of the Issuer, any instrument or security issued, entered into or Guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities; and (b) in respect of the Guarantor, any instrument or security issued, entered into or Guaranteed by the Guarantor, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Guarantee of the Securities;

a **“Person”** includes any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal entity;

“PRC” means the People’s Republic of China, which, for the purpose of these Conditions, shall not include Hong Kong, Macau and Taiwan;

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

“PRC GAAP” means the Basic Standard and 38 Specific Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter;

“Principal Subsidiary” means any Subsidiary of the Guarantor:

- (a) whose total revenue (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its latest audited income statement is at least 10 per cent. of the consolidated total revenue as shown by the latest published audited income statement of the Guarantor and its consolidated Subsidiaries; or
- (b) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement, is at least 10 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Guarantor and its consolidated Subsidiaries; or
- (c) whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited balance sheet, are at least 10 per cent. of the consolidated net assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of such Person and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a), (b) and (c) above:

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

- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;
 - (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor; and
 - (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or
- (d) any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued unless such transferee Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above.

A certificate signed by two directors of the Guarantor stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate shall, if there is a dispute as to whether any Subsidiary of the Guarantor is or is not a Principal Subsidiary be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

In addition, if any two or more Subsidiaries of the Guarantor (each of which is not itself a Principal Subsidiary) collectively (such group of Subsidiaries being a “**Ten Per Cent. Group**”) have total revenue, net profit or net assets (in each case, on a consolidated basis if such Subsidiaries themselves have Subsidiaries) which exceeds 10 per cent. of the consolidated total revenue, consolidated net profit or consolidated net assets of the Guarantor and its Subsidiaries:

- (a) and the Relevant Indebtedness Default Event has occurred and is continuing in relation to each member of the Ten Per Cent. Group, then such event shall have occurred;
- (b) then each member of the Ten Per Cent. Group must comply with the provisions of Condition 3(a) (*Negative Pledge and Other Covenants*), where each such member creates or permits to submit any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness;

“**Proceedings**” has the meaning ascribed to it in Condition 17(b) (*Jurisdiction*);

“**Rating Agency**” means Moody’s Investors Service, Inc. and its successors (“**Moody’s**”). Moody’s and its successors and if Moody’s does not make a rating of the Securities publicly available, the Issuer or the Guarantor shall select and substitute it with either S&P Global Ratings, a division of S&P Global Inc. or Fitch Ratings, Inc. and their respective successors;

“**Reference Treasury Dealer**” means each of any three investment banks of recognised standing that is a primary U.S. government securities dealer in New York City, selected by the Issuer or the Guarantor in good faith;

“**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m. (New York City Time) on the third business day preceding such redemption date;

“**Register**” has the meaning ascribed to it in Condition 2(a) (*Register*);

“**Registration Conditions**” means the receipt by the Trustee of: (i) a certificate signed by any two directors of the Guarantor confirming the completion of the Cross-Border Security Registration and (ii) a certified true copy of the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) relating to such registration in (i) above of this definition;

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

“**Relevant Accounting Standards**” means PRC GAAP or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Issuer’s or the Guarantor’s consolidated financial statements;

“**Relevant Date**” means whichever is the later of (i) the date on which such payment in question first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, any bond, note, debenture, debenture stock, loan stock, bond or note certificate or other instrument 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) offered or issued to investors outside the PRC;

“**Relevant Indebtedness Default Event**” means the occurrence of one or more of the following events: (i) any other present or future Relevant Indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); (ii) any such Relevant Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (iii) 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, such 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 have occurred equals or exceeds U.S.\$100,000,000 (or its equivalent in any other currency or currencies);

“**Relevant Jurisdiction**” means Hong Kong or the PRC or such other taxing jurisdiction the Issuer or the Guarantor becomes subject to at any time;

“**Relevant Reset Distribution Rate**” means a rate of interest expressed as a percentage per annum equal to the sum of (a) the initial spread of 2.595 per cent., (b) the Treasury Rate and (c) a margin of 3.00 per cent. per annum;

“**Reset Date**” means the First Call Date and each day falling every three calendar years after the First Call Date;

“**SAFE**” means the State Administration of Foreign Exchange;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**SEHK**” means The Stock Exchange of Hong Kong Limited;

“**Step-Up Event**” means the occurrence of any of Change of Control, a Breach of Covenant Event and/or a Relevant Indebtedness Default Event;

“**Subordinated Indebtedness**” means all indebtedness for money borrowed or raised which, in the event of the Winding-Up of the issuer thereof, ranks or is expressed to rank, by its terms or by operation of law, in right of payment behind the claims of unsecured and unsubordinated creditors of the issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent;

“**Subsidiary**” means, any company or other business entity of which one Person owns or controls (either directly or indirectly 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 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;

“**Treasury Rate**” means the rate notified by the Calculation Agent to the Issuer, the Guarantor, the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 15 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week immediately prior to two business days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 4(b)(ii), appearing in the most recently published statistical release designated “H. 15 (519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System (<https://www.federalreserve.gov/releases/h15/>) and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption “**Treasury constant maturities**” for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date referred to above does not contain such yields, “**Treasury Rate**” means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under Condition 4(b) (*Rate of Distribution*);

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Guarantor (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition); and

“**Winding-Up**” means a final and court order or effective resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceedings in respect of the Issuer or the Guarantor (as applicable).

THE GLOBAL CERTIFICATE

The Securities will be represented by a Global Certificate that will be registered in the name of Citivic Nominees Limited as nominee of, and deposited with, the common depository for Euroclear and Clearstream.

The Global Certificate will become exchangeable in whole, but not in part, for Individual Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (Non-payment) of the Terms and Conditions of the Securities occurs.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Payments on business day: In the case of all payments made in respect of the Global Certificate "business day" means any day which is a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Registrar has its Specified Office.

Payment Record Date: 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 (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which this Global Certificate is being held is open for business.

Notices: Notwithstanding Condition 15 (*Notices*) of the Terms and Conditions of the Securities, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The gross proceeds of the issue of the Securities will be approximately U.S.\$500 million. After deduction of the combined management and underwriting commission and the other expenses incurred in connection with the issue of the Securities, we intend to use the proceeds from this offering for refinancing and general corporate purposes.

EXCHANGE RATE

CHINA

The PBOC sets and publishes daily a central parity exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank 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 U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investment, loans or securities, requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 20 June 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate. On 16 April 2012, the band was expanded to 1.0 per cent. Such floating band was further enlarged from 1.0 per cent. to 2.0 per cent., effective from 17 March 2014, as announced by the PBOC on 15 March 2014. On 11 August 2015, the 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. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organization of the 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. From 11 August to 13 August 2015, the value of the Renminbi depreciated by approximately 4.4 per cent.. In January and February 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. On 5 August 2019, PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may in the future make further adjustments to the exchange rate system.

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

	Noon Buying Rate ⁽¹⁾			
	Period End	Average ⁽²⁾	High	Low
		(RMB per U.S.\$)		
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) Annual averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

CAPITALISATION OF THE GUARANTOR

The following table sets forth the Guarantor's consolidated capitalisation and indebtedness as at 31 December 2020 and as adjusted to give effect to the issue of the Securities before deduction of management and underwriting commission and expenses. The table should be read in conjunction with the Guarantor's Financial Statements.

	As at 31 December 2020			
	Actual		As Adjusted	
	RMB	U.S.\$ ⁽²⁾	RMB	U.S.\$ ⁽²⁾
	(in millions)			
Current borrowings				
Short-term borrowings	29,252.2	4,483.1	29,252.2	4,483.1
Long-term borrowings due within one year	10,797.9	1,654.9	10,797.9	1,654.9
Bonds payable due within one year	909.6	139.4	909.6	139.4
Non-current borrowings				
Long-term borrowings	25,631.1	3,928.1	25,631.1	3,928.1
Bonds payable	790.0	121.1	790.0	121.1
Total borrowings	<u>67,380.8</u>	<u>10,326.6</u>	<u>67,380.8</u>	<u>10,326.6</u>
Shareholders' equity				
Share capital	20,723.6	3,176.0	20,723.6	3,176.0
Other equity instruments	20,500.0	3,141.8	20,500.0	3,141.8
Capital reserve	22,461.6	3,442.4	22,461.6	3,442.4
Other comprehensive income	(284.4)	(43.6)	(284.4)	(43.6)
Special reserve	12.6	1.9	12.6	1.9
Surplus reserve	2,016.8	309.1	2,016.8	309.1
Retained profits	32,461.5	4,974.9	32,461.5	4,974.9
Total shareholders' equity attributable to shareholders of the Company	97,891.6	15,002.5	97,891.6	15,002.5
Non-controlling interests	42,463.7	6,507.8	42,463.7	6,507.8
Other equity instruments to be issued	—	—	3,262.5	500.0
Total shareholders' equity	<u>140,355.3</u>	<u>21,510.4</u>	<u>143,617.8</u>	<u>22,010.4</u>
Total capitalisation and indebtedness⁽¹⁾	<u>207,736.1</u>	<u>31,837.0</u>	<u>210,998.6</u>	<u>32,337.0</u>

Notes:

- (1) Total capitalisation and indebtedness equals total borrowings plus total shareholders' equity.
- (2) The translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.5250 to U.S.\$1.00, the noon buying rate as set forth in the H.10 Statistical release of the Federal Reserve Bank of New York on 31 December 2020.

Unless otherwise disclosed in this Offering Circular, there has been no material change in the Guarantor's capitalisation and indebtedness since 31 December 2020.

DESCRIPTION OF THE ISSUER

The Issuer was incorporated with limited liability in Hong Kong on 24 May 2011. The registered office of the Issuer is Rooms 3202-3, 32/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The authorised share capital of the Issuer is U.S.\$1,000,000, divided into 1,000,000 ordinary shares of U.S.\$1.00 each. 1,000,000 ordinary shares have been issued and paid up.

As at the date of this Offering Circular, we hold the entire issued share capital in the Issuer and the Issuer has no subsidiaries.

The Issuer was established for the purpose of the financing and development of our overseas projects and transactions. Since its incorporation, the Issuer has not engaged in any other material business activities other than those relating to the issue of certain guaranteed notes in 2011, the issue of the June 2014 Bonds, the issue of the August 2014 Bonds, the issue of the May 2017 Bonds, the issue of the July 2017 Bonds, the issue of the 2018 Securities, the 2020 Placement, the 2020 Securities, the incurrence of other debts with an aggregate principal amount of approximately U.S.\$80,000,000, the proposed issue of the Securities, the financing and development of our overseas projects and transactions and the authorisation and execution of documents and agreements referred to in this Offering Circular to which it is or will be a party. In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further notes and engage in business activities related to our business and may incur substantial liabilities and indebtedness.

The directors of the Issuer as at the date of this Offering Circular are Ms. Zou Hongying and Mr. Zhu Bolin.

Saved as disclosed in our 2020 annual results and as at the date of this Offering Circular, as far as the Issuer is aware, the directors of the Issuer do not have any interest or short position in the shares, underlying shares or debentures of the Issuer or of any associated corporation.

DESCRIPTION OF THE GROUP

OVERVIEW

We are one of the largest comprehensive groups of engineering and construction in the PRC and the world. We were established by China Metallurgical Group Corporation and Baosteel on 1 December 2008, and we were listed on both the Shanghai Stock Exchange (Stock Code 601618.SH) and the Hong Kong Stock Exchange (Stock Code 1618.HK) in September 2009. For the three years ended 31 December 2018, 2019 and 2020, we accounted for approximately 100%, 100% and 100%, respectively, of the total revenue and 98%, 98% and 98%, respectively, of the total assets of the MCC Group. The MCC Group, which holds us as its core asset, ranked the 8th in terms of revenue in the 2020 ENR's Top 250 Global Contractors List. We operate in various specialised sectors, across different industries and in many countries. We operate the following four main business segments:

- Engineering and construction, which involves the provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects;
- Property development, which comprises the development and sale of commodity residential and commercial properties, affordable housing and primary land development;
- Resources development, which comprises the development, mining and processing of mineral resources and the production of polysilicon; and
- Equipment manufacturing, which primarily consists of the development and production of metallurgical equipment, steel structures and other metal products.

We are one of the largest metallurgical engineering contractors in the world, with comprehensive ferrous metallurgy and non-ferrous metallurgy industrial chains for scalable operation. As a leading company in the area of construction for the metallurgical industry in China, we have participated in the planning, design or construction of the primary production facilities for substantially all of the medium- and large-scale iron and steel enterprises in China, including Baosteel, Tata Steel, Alliance Steel, FHS, Pangang, Shougang Group, Baogang Group, Wusteel, Magang, HBIS, Rizhao Steel, Hebei Zongheng Iron and Steel Group and Jinchuan Group. As at 31 December 2020, we have approximately 90% domestic metallurgical market share and an international metallurgical market share of 60%. In addition, as a leading company in the sector of non-ferrous metallurgical engineering in China, we own one of the largest non-ferrous metallurgical design institutions in China, China ENFI Engineering Co., Ltd., and have provided planning, design, construction and other services for many medium- and large-scale non-ferrous metal resources enterprises in China. Furthermore, through our years of construction experience in metallurgical engineering, we have established our core technologies related to all aspects of metallurgical engineering and have developed strong design and construction capabilities, which has enabled us to engage also in building construction, transportation infrastructure and other non-metallurgical engineering and construction operations.

In the past three years, we adjusted our operations to focus more on non-metallurgical operations in response to the downturn of the metallurgical engineering and construction market. We focused on non-metallurgical engineering sectors such as transport and municipal infrastructure, premium property construction, environmental engineering and alternative energy, integrated piping system, theme park construction, sponge city, beautiful countryside and smart city to establish our new competitive edges and have completed a batch of major projects with significant influence in the industry. While we continued to strengthen and further develop our traditional business in engineering and construction, we have actively expanded our other businesses by leveraging our advantages in technology, capital resources and scale. To date, we have successfully established other operations, including property development, resources development and equipment manufacturing, forming several interrelated and complementary business segments with significant operational synergies.

For the years ended 31 December 2018, 2019 and 2020, our total operating revenue amounted to RMB289.5 billion, RMB338.6 billion, and RMB400.1 billion, respectively. For the years ended 31 December 2020, our gross profit margin for the engineering and construction business segment, property development business segment, resources development business segment and equipment manufacturing business segment was 10.2%, 20.7%, 28.2% and 13.9%, respectively. As at 31 December 2018, 2019 and 2020, our total assets amounted to RMB438.9 billion, RMB458.5 billion, and RMB506.4 billion, respectively. For the three years ended 31 December 2018, 2019 and 2020, the aggregate value of new contracts we entered into was RMB665.7 billion, RMB787.6 billion and RMB1,019.7 billion, respectively.

We have been actively expanding our business overseas. For the years ended 31 December 2018, 2019 and 2020, the value of our newly signed overseas engineering and construction contracts amounted to RMB44.3 billion, RMB40.6 billion and RMB31.9 billion, respectively.

HISTORY AND DEVELOPMENT

The following table illustrates the significant milestones in our history.

Year	Event
1949	<ul style="list-style-type: none"> The predecessors of the MCC Group had participated in the planning, design and construction of the primary production facilities for substantially all of the medium- and large-scale iron and steel enterprises in China.
1998	<ul style="list-style-type: none"> The MCC Group was established.
2005	<ul style="list-style-type: none"> The MCC Group acquired the largest non-ferrous metallurgical design institute in China from the PRC government through restructuring.
2006	<ul style="list-style-type: none"> The MCC Group obtained the mining rights of the Ramu Nico Laterite Mine in Papua New Guinea. The MCC Group obtained the operation rights of the Sierra Grande Iron Ore Mine in Argentina.
2007	<ul style="list-style-type: none"> The MCC Group established the MCC Finance Corporation Ltd.
2008	<ul style="list-style-type: none"> The MCC Group ranked 480th among the 2008 Fortune Global 500 Companies. The MCC Group obtained the mining rights of the Aynak Copper Mine in Afghanistan, which is one of the world's largest copper mines. The MCC Group obtained the prospecting rights of the Cape Lambert Iron Ore in Australia. We were established jointly by China Metallurgical Group Corporation and Baosteel.
2009	<ul style="list-style-type: none"> The MCC Group ranked 380th among the 2009 Fortune Global 500 Companies. We were successfully listed on both the Shanghai Stock Exchange (Stock Code 601618.SH) and the Hong Kong Stock Exchange (Stock Code 1618.HK).

<u>Year</u>	<u>Event</u>
2010	<ul style="list-style-type: none"> The MCC Group ranked 315th among the 2010 Fortune Global 500 Companies.
2011	<ul style="list-style-type: none"> The Issuer was established in May 2011 and successfully issued certain guaranteed U.S. notes in July 2011.
2012	<ul style="list-style-type: none"> The MCC Group ranked 296th among the 2012 Fortune Global 500 Companies.
2014	<ul style="list-style-type: none"> The MCC Group ranked 10th in terms of revenue in the 2014 ENR's Top 250 Global Contractors List.
2015	<ul style="list-style-type: none"> The MCC Group ranked 326th among the 2015 Fortune Global 500 Companies. The SASAC of the State Council approved the Strategic Restructuring between the MCC Group and China Minmetals, whereby the entire MCC Group would be consolidated into China Minmetals, which is wholly owned by SASAC of the State Council. We ranked first among global metallurgical companies in terms of total assets after the consolidation.
2016	<ul style="list-style-type: none"> The MCC Group ranked 290th among the 2016 Fortune Global 500 Companies, rising 36 places than previous year. The MCC Group ranked 8th in terms of revenue in the 2016 ENR's Top 250 Global Contractors List, and it has ranked among the top ten contractors for eight consecutive years. We ranked 434th among the 2016 Forbes Global 2000 List. We ranked 23th among the 2016 Fortune China Top 500 List. The MCC Group and China Minmetals held the Strategic Restructuring Meeting.
2017	<ul style="list-style-type: none"> The MCC Group ranked 8th in terms of revenue in the 2017 ENR's Top 250 Global Contractors List, and it has ranked among the top ten contractors for ninth consecutive years. We won the Best Sustainable Performance Award category and the Best Investor Relations Award category in the 2017 China Financial Market Award. The MCC Group's credit rating of Moody's raised twice in half a year in 2017 from Baa2 to Baa1, credit rating of S&P raised to BBB+ and credit rating of Fitch raised to BBB+.
2018	<ul style="list-style-type: none"> The MCC Group ranked 10th in terms of revenue in the 2018 ENR's Top 250 Global Contractors List, and it has ranked among the top ten contractors for tenth consecutive years. The MCC Group was honored as "Top 500 Chinese Enterprises in Charity 2018".

Year	Event
	<ul style="list-style-type: none"> The MCC Group was entitled two items of “2018 Golden Wing Award for Companies in HK Stocks Market”. The MCC Group received the award of Top 10 Outstanding Enterprises for Chinese Cities Energy Reform.
2019	<ul style="list-style-type: none"> The MCC Group ranked 8th in terms of revenue in the 2019 ENR’s Top 250 Global Contractors List, and it has ranked among the top ten contractors for eleventh consecutive years. On 10 May 2019, the MCC Group completed the Strategic Restructuring with China Minmetals and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals. After completion of the Strategic Restructuring, China Minmetals ranked 112th among the 2019 Fortune Global 500 Companies. The MCC Group ranked 123th among the “Top 500 Chinese Enterprises in Charity 2019”.
2020	<ul style="list-style-type: none"> China Minmetals ranked 92th among the 2020 Fortune Global 500 Companies. The MCC Group ranked 8th in the ENR’s Top 250 Global Contractors List, and it has ranked among the top 10 contractors for the 12th consecutive year. For the first time, the value of our newly signed contracts exceeds RMB one trillion in 2020.
2021	<ul style="list-style-type: none"> The Guarantor obtained first-time long-term credit rating of Ag+ from China ChengxinAsia Pacific with Stable outlook.

STRATEGIC RESTRUCTURING WITH CHINA MINMETALS

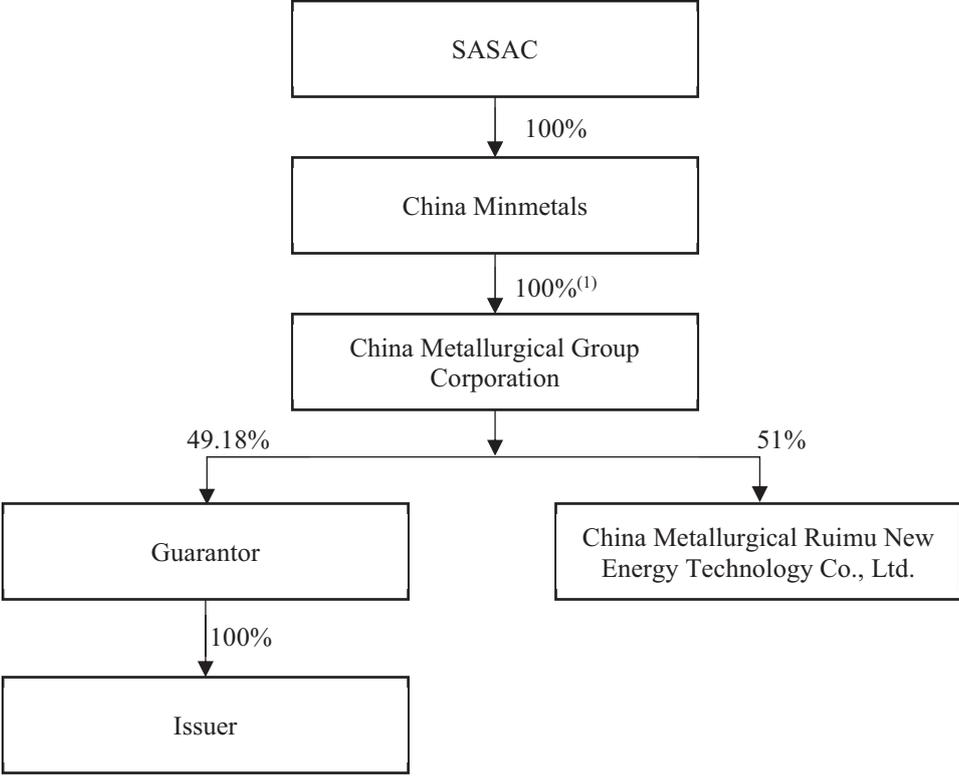
On 8 December 2015, we received a notice from the MCC Group that, pursuant to an overall arrangement made by the Central Committee of the Communist Party of China and the State Council on the comprehensively deepening reform and the general requirements of the reform of state-owned enterprises, the SASAC of the State Council approved the Strategic Restructuring between the MCC Group and China Minmetals, whereby the entire MCC Group will be consolidated into China Minmetals, which is wholly owned by SASAC of the State Council. It remains unchanged that the MCC Group is our controlling shareholder and the SASAC of the State Council is our ultimate controller. The CSRC and the Securities and Futures Commission have exempted the obligation to make a mandatory general offer for our shares due to the Strategic Restructuring of China Minmetals. The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

The Strategic Restructuring is expected to increase our competitiveness and allow us to influence the metals and mining industries both in the PRC and globally, thereby laying the foundation for the formation of a world-class metals and mining conglomerate. Further to the completion of the Strategic Restructuring, we believe it will be strategically positioned to enhance, protect and secure China’s metal and mineral resources supply, promote innovation and industrial upgrading and support the implementation of China’s “Going Global” strategy and the “Belt and Road” initiative.

The successful completion of the Strategic Restructuring also serves to promote further reform and restructuring of the domestic steel and non-ferrous metals industries and other industries in China in furtherance of the Chinese government’s aim to strengthen and optimise the operations and functions of state-owned enterprises. The Strategic Restructuring demonstrates SASAC’s support for the reform of state-owned enterprises and SASAC’s goal to develop us into a strategically important conglomerate.

SHAREHOLDING STRUCTURE

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



Note:

(1) The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

COMPETITIVE STRENGTHS

We are one of the largest engineering and construction companies in the world.

We are one of the largest comprehensive companies of engineering and construction in the world. We are the metallurgical engineering and construction contractor with the largest market share, the longest specialised operating history and the strongest capabilities in design in China. We are a leading company in the area of construction for the iron and steel and non-ferrous metallurgical industries in China, participating in the planning, design and construction of almost all the medium and large iron and steel enterprises since 1949 and many medium- and large-scale non-ferrous metal resources enterprises in China.

In the non-metallurgical engineering market, new urbanisation construction and infrastructure construction had provided opportunities for our business such as housing and building construction, transportation infrastructure and civil and public facilities. By leveraging our experience and strong

technological capabilities in metallurgical engineering and construction, we have actively expanded in our non-metallurgical engineering and construction business with a sustainable future development supported by a strong pipeline of new contracts.

In addition, we are China's largest contractor for overseas engineering and construction projects in terms of revenue. For the years ended 31 December 2018, 2019 and 2020, the value of our newly signed overseas engineering and construction contracts amounted to RMB44.3 billion, RMB40.6 billion and RMB31.9 billion, respectively. As at 31 December 2020, we were involved in over 60 countries and regions, such as Thailand, Pakistan, India, Malaysia, Singapore, the U.S., Brazil, Australia, Vietnam, Argentina, and Papua New Guinea. Leveraging our existing footprint in those countries and our experience in this industry, we believe that we are competitive and have significant potential for growth in engineering and construction globally.

We have strong support from the PRC government.

We have strong government support in the following aspects:

- Support in relation to the Strategic Restructuring with China Minmetals: after the Strategic Restructuring with the MCC Group, China Minmetals is the only state-owned capital investment platform in metals and mining in China, and is given the role as the protector of nation's metal resources, the innovator in the industrial upgrading and the implementer of the "Belt and Road". We expect to receive continuous and greater support under these strategic guidelines.

We also enjoy benefits from the internal synergy platform between MCC Group and China Minmetals. As at 31 December 2020, the subsidiaries of MCC Group had released 284 business synergy projects, and the number of publications has grown steadily with an upward trend. The number of new registrations was nearly 2,590, and the effect of promoting the synergy platform is significant. During the same period, we achieved business contract amount of RMB25.9 billion between managed and subordinate units and RMB134.5 billion between subsidiaries. For the year ended ended 31 December 2020, the newly signed cooperation contracts between MCC Group and China Minmetals amounted to RMB16.7 billion, among which construction material supply, resource products trading, engineering and construction, integrated cooperation, technology synergies, engineering consultation and other businesses amounted to RMB10.6 billion, RMB4.0 billion, RMB1.4 billion, RMB0.5 billion, RMB30 million, RMB10 million and RMB0.2 billion, respectively. In 2021, we will continue to enhance our business coordination and promote the use of business collaborative information platform, and also cooperate with China Minmetals in terms of quarterly synergy reports and organizing conferences.

- Policy support: the predecessor of the MCC Group was China Metallurgical Construction Company, which had monopoly in the metallurgical industry in China. We are one of the 23 enterprises awarded as "Backbone of China"(中國脊樑) by SASAC. In addition, we are one of the first 16 central level state-owned enterprises approved by SASAC to engage in property development as a principal business, and we are strongly encouraged by the Chinese central government to engage in overseas resources development. Leveraging the close relationship we have built with local governments during our participation in the construction of the primary production facilities for the medium-and large-scale iron and steel enterprises in China, we have been able to expand our principal businesses nationwide.
- Business support: the major steel and non-ferrous metal enterprises in China are primarily state-owned enterprises or local leading enterprises, thus as also being a state-owned enterprise, we have a high degree of mutual trust with our clients, which is beneficial for us to win the bid on projects. In addition, we acquired some high-quality assets from the PRC government, such as China Non-ferrous Engineering Design and Research Institute, which

enables us to expand our business scope. On the other hand, we have built good relationships with local governments during our construction of steel plants in various cities, which brings us unique advantages when we develop real property business in these cities. In addition, after the Strategic Restructuring with China Minmetals, we share our overseas resources and networks with each other, which builds a win-win situation.

- Financial support and tax support: we enjoy various forms of financial support in relation to our projects and national scientific research institutes, such as the state-owned capital operating budget, various subsidies from the Ministry of Science and Technology and the local Science and Technology Commissions, tax refund from the central government and local governments, financial discounts from the Ministry of Finance and the local financial bureaus. In addition, many of our subsidiaries enjoy various favourable tax treatment in relation to national new areas, high technology enterprises, the western development, coastal economic development zone enterprises and special economic zone enterprises. The PRC government has no obligation to and is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Securities or the Guarantee of the Securities.

We have prudent financial policies.

We have prudent financial policies in the following aspects:

- Centralised financial management: we have implemented a strict account approval system and manage the system through a real-time information system to reduce account. In addition, we have also established a unified pool of funds to improve the efficiency of fund collection. We conduct unified settlement and centralised payment relying on financial companies, and implement two lines of revenue and expenditure management. We implement unified provision, unified operation and unified monitoring to optimise capital allocation. We also formulate plans to make up the losses.
- Credit ratio management: we set key credit index such as interest-bearing debt, total debt/total asset, Debt/EBITDA, EBITDA interest coverage and minimum cash balance by the end of month. We closely monitor these index and strictly control financial risk.
- Financing management: we have built strategic cooperation with major commercial banks to maintain sufficient bank credit line. In addition, we optimise financing structure and reduce financing costs by innovating financing methods dynamic management of credit lines, interest rate monitoring, guarantee management and expanding financing channels. We have established an excellent credit record, which enables us to strengthen our debt risk management and to pay various types of principal and interest on schedule.
- Working capital and liquidity management: we make dynamic budget of cash receipts and payments to achieve effective cash flow control, strengthen cash flow management, project budget management, dividend budget management strict control of funds appropriated to accounts receivable and inventories and maintain large size of net cash inflow.
- Exchange rate risk management: we have established an exchange rate and interest rate management policy and take risk control measures according to the management policy and the risk control demand. We match the investment currency with revenue currency and conduct analysis on exchange rate fluctuations when making financing decisions to reduce exchange rate risk. We also evaluate the credit risk and market risk and make risk management plans accordingly.

We possess strong research and development capabilities and core competence in technologies.

We are a leader in technology research and development in China, particularly specialised technology in the metallurgical industry. We have a well established system to manage technological innovation. We have steadily developed a layered, multi-subject scientific research and development system that consists of our national-level technology centers, provincial-level technology centers and group-level technology centers as the principal organisations and our technology-focused subsidiaries as the foundation of our system. As at the date of this Offering Circular, we have over 64,398 employees with a bachelor degree and above, representing over 63.7% of our total employees. During 2020, we held various training programs for overseas market development personnel, senior technicians, cadres at the division-head level and new employers to improve the overall quality and professional competence of the personnel at all positions. We continue to undertake the works of the national training base for the welding and architecture metal structure events of the 45th World Skills Competition, in which nine of our contestants joined the national team and occupied half of the seats of the national team.

We place a strong emphasis on our research and development capabilities. Our research and development related spending consisted primarily of the salaries of our science and technology staff, expenditures on fixed assets used for research and development, expenditures on purchases of equipment for research on new technologies, and other expenditures on science and technology. For the years ended 31 December 2018, 2019 and 2020, our research and development expenditures amounted to RMB7.2 billion, RMB9.9 billion and RMB12.3 billion, respectively. In 2020, we had won 28 National Quality Project Awards, and 7 Luban Awards. Since 2000, we have won 51 National Science & Technology Awards and published 50 international standards and 569 national standards. It has received the Luban Prize for Construction Projects for 114 projects in aggregate (including those participation), the National Quality Engineering Award for 230 projects (including participation), the Tien-yow Jeme Civil Engineering Prize for 19 projects (including participation), and 718 Metallurgy Industry Quality Engineering Excellent Achievement Awards.

As at 31 December 2020, we have over 700 qualifications and permits of construction enterprises, covering construction investigation, construction design, construction work, construction supervision, property development etc. The number of subsidiaries with special qualifications for general contracting reached 39, among which three subsidiaries held four special qualifications, five subsidiaries held three special qualifications, and five subsidiaries held integrated engineering design qualification of Grade A three of the subsidiaries have the construction surveying and engineering design qualification of Grade A, and six of the subsidiaries have the integrated engineering supervision qualification of Grade A. In 2020, we have added one enterprise with four special qualifications and there are a total of three enterprises with four special qualifications.

During the year ended 31 December 2020, we took the lead in developing and issuing 3 international standards, 2 jointly initiated standards and 21 national standards, 14 enterprise technical standards and completed 28 enterprise technology standards in 2020, covering three major areas of metallurgical construction, fundamental construction and emerging industries. The National Technical Standards Innovation Base constructed by us (International Standardization of Metallurgical Engineering) passed the inspection, while the Research on Overseas Application and Demonstration Project of Chinese Standard in Vietnam Ha Tinh Iron and Steel Project (《越南河靜鋼鐵項目中國標準海外應用示範工程研究》), a standardised innovation management program of the National State Administration for Market Regulation undertaken by us passed the inspection. In addition, the national standard “General Technical Requirements for Emergency Medical Modular Isolation Units”(《應急醫用模塊化隔離單元通用技術要求》)(Chinese and English versions), edited by MCC TianGong, has been officially approved and released, initiated the establishment of relevant international standards and helped the prevention and treatment of the COVID-19 pandemic in the world. The gradual deepening of our standardization strategy has further enhanced the dominance of rule in the relevant technology field, and provided a strong technical support for participating in the global market competition.

Leveraging our strong research and development capacity, we have been able to seize some new business opportunities. For example, given the prominent prospect in energy conservation and environmental protection market with the strong support from government policy, we faced a new opportunity to develop our emerging businesses. Some of our subsidiaries have accumulated certain experience in design, construction and contracting of sewage treatment, laying a sound foundation for their vigorous development in the future.

We have strong credit and financial support from multiple channels.

We have close strategic cooperative relationship with major financial institutions in China. By signing strategic cooperation agreements with major domestic and international banks and financial institutions, such as Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications, China Postal Saving Bank, China Life Insurance (Group) Company, DBS Bank Ltd., Citibank, Morgan Stanley, JP Morgan, Standard Chartered Bank, and policy banks such as China Development Bank and The Export-Import Bank of China. We also signed a strategic cooperation agreement with China Structural Reform Fund Corporation Ltd of size of RMB350.0 billion, and the MCC Group is the first A-share listed company that the fund invested in since its establishment. We enjoy benefits including credit facility as an important strategic customer that lays a solid financial foundation for our domestic and overseas projects. We normally renew our strategic cooperation agreements with these major domestic and international banks before the expiration of the agreements. In addition, we have secured financing through issuance of short-term and medium-term bonds. We believe that our ability to access multiple sources of financing provides us with flexibility to fund our operations and enhance our liquidity position.

As at 31 December 2020, we had total short-term borrowings and long-term borrowings (including those due within one-year) of RMB65.7 billion. As at 31 December 2020, we obtained a total amount of credit facilities of RMB699.4 billion from various financial institutions, of which RMB279.5 billion were utilised and RMB419.9 billion were unutilised.

We have experienced corporate management and have a distinguished team of industry experts and technical staff.

Experienced and strong management team

As a company listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange, we have a sound corporate management structure. See “*Description of the Group – Management Structure*”. Our management team has strong business skills, operational experience and industry expertise. Our management team is particularly experienced and knowledgeable in large-scale, complex engineering and construction projects, property development and resources development projects, among various other areas. We have played an important role in establishing our capabilities in technical design, ancillary technologies and construction and developing our multiple specialised fields across several industries. The strong management skills and operational experience of the team have contributed and will continue to contribute to the success of our business. For more information, see “*Directors and Management*”.

Distinguished team of experts, professional technicians and other skilled talents

In order to promote the continuous development of our engineering technology and scientific research as well as to strengthen our capabilities in innovation and advancement of technology, we have continuously focused on the overall quality of our human resources. Our technical staff have extensive industry expertise. During 2018, we held various training programs for overseas market development personnel, senior technicians, cadres at the division-head level and new employers to improve the overall quality and professional competence of the personnel at all positions. We continue to undertake the works of the national training base for the welding and architecture metal structure events of the 45th World Skills Competition, in which nine of our contestants joined the national team and occupied half of the seats of the national team.

STRATEGIES

Our fundamental guidelines in business operations is “focusing on the core business in building a better MCC”(聚焦中冶主業, 建設美好中冶). The following strategies illustrate our goals in the main business segments.

Being the national team for metallurgical construction.

In the next three to five years, we plan to leverage our benefits of integration throughout the industry chain with leading core technology, irreplaceable metallurgical construction and persistent reform and innovation capabilities, to shoulder the state responsibility for leading China to a higher level of development of metallurgy, to build a top international enterprise for metallurgical construction and to become the strongest, the best and the largest “national team” of metallurgical construction and operational services in the world. We will continue to develop the core technology and control ability in the eight major units and the 19 business units in the metallurgical process with a focus on capacity replacement, relocation projects for urban steel plants and metallurgical energy saving and environmental protection technology transformation market and globalisation, to enhance our position of the “national team for metallurgical construction”. We will continuously optimize the overseas market and green layout of national metallurgical construction team, develop the connection with countries along the “Belt and Road” and investigate the market trends in key markets and the 50 top steel customers in the world and to dock with the 50 top steel customers and form an information database. Efforts will be made to achieve a further increasement base on the existing 60% of global metallurgical market share.

Being the major force for fundamental construction.

We will continue seizing the “Belt and Road” policy, tapping the huge potential in infrastructure construction across the countries and regions along the belt and road, grasping the changing trend of domestic consumption patterns and the requirements under the energy conservation and environmental protection policy, endeavoring to develop our differentiated business, enhancing the combination of techniques and capital, and endeavoring for being the main force for the national fundamental construction and the implementation of the “Belt and Road” strategy in fundamental construction business areas including transport infrastructure, park development, urban complex and landmark buildings.

Being the forerunner of the emerging industries.

While facing the situation of diminishing space for development and intensifying competition in the industry in which it has advantages, we will keep up with the pace of new industrialised, informationalised, urbanised and agriculturally modernised national construction, and we have been searching for market opportunities and direction for improving the quality and efficiency of the economic development of emerging industries. We have eagerly promoted transformation and upgrade, explored new points of growth, targeted the new urbanisation construction industry in China, and exerted our advantages of integrating production and research and capital operation mainly on urban piping system, smart city, sponge city and beautiful countryside as the focus of development to continue exploring the professional investment and construction model and the new model for market development. We will strive for being the pioneer in the process of national new urbanised construction, especially the idea, design and construction of sponge city, beautiful countryside, smart city and urban piping system.

Long-term adherence to pursuing the path for the quality development of advanced technologies.

Consolidating and building up technological innovation is the primary driver for our development. It covers all-rounded enterprise management including innovative corporate culture, personnel incentive mechanism, investment in scientific and technological research and development and business development strategies. With enhancing scientific and technological innovation capabilities comprehensively, we are fully leveraged to the innovative advantages of integration of scientific research and engineering, and continuously release the multiplier effect and realize the leading role of technological innovation.

ENGINEERING AND CONSTRUCTION BUSINESS

Overview

Engineering and construction is our core business. It currently contributes the largest proportion of revenue among our business segments. We provide comprehensive services covering the full life-cycle of iron and steel enterprises, including planning, surveying, consulting, design, construction, technology upgrades and maintenance and overhaul services. We also engage in the provision of engineering and construction services for building construction, transportation infrastructure and other projects involving various industries, including the mining, environmental protection, power, chemicals, light and electronics industries.

We enter into engineering and construction contracts primarily in the form of EPC. We also use various other contracting models, including engineering-procurement, engineering-construction, procurement-construction and project management contracts. Furthermore, We have leveraged our capital management capabilities established in engineering and construction business to undertake projects in the form of BT, BOT and other operating models in order to enhance our operational efficiency and business performance. We primarily use PPP model in our non-metallurgical projects.

While reinforcing and developing our domestic business, we have also been actively expanding our business overseas. We focus our overseas operations in South Asia, Southeast Asia, Africa, South America, Central Europe and other developing countries to further enhance our overseas iron and steel capacity. As at 31 December 2020, we were involved in over 60 countries and regions including Thailand, Pakistan, India, Malaysia, Singapore, the U.S., Brazil, Australia, Vietnam, Argentina, and Papua New Guinea.

For the three years ended 31 December 2018, 2019 and 2020, the segment revenue of our engineering and construction business was RMB258.3 billion, RMB311.8 billion and RMB364.0 billion, respectively, representing 88.0%, 90.6% and 90.2% of our total revenue before inter-segment elimination, respectively.

Metallurgical Engineering and Construction

Metallurgical engineering and construction is our strongest business area. We have been involved in various landmark metallurgical engineering and construction projects with clients like Baosteel and Wusteel. For the three years ended 31 December 2018, 2019 and 2020, revenue generated from metallurgical engineering and construction was RMB64.8 billion, RMB70.3 billion and RMB90.5 billion, respectively, representing 25.1%, 22.5% and 24.9% of the revenue generated from our engineering and construction business, respectively. For the same period, the value of our newly signed metallurgical contracts was RMB111.1 billion, RMB128.1 billion and RMB143.4 billion, respectively, representing 17.7%, 17.1% and 14.7% of the total value of our newly signed engineering and construction contracts, respectively. The revenue generated from our metallurgical engineering and construction and the proportion of the value of our newly signed metallurgical contracts increased from 2018 to 2020 due to the improvement of market condition.

The following table shows some of the major metallurgical engineering and construction projects which we entered into since 2020:

No.	Name of Project	Contractual Amount (RMB100 million)
1	General Contracting Project for Coking Engineering Bidding Section of Zenith Green and Premium Steel (Tongzhou Bay to Port of Haimen Area) of Zenith Steel Group (Nantong) Co., Ltd. ^{Note} (中天鋼鐵集團(南通)有限公司中天綠色精品鋼(通州灣海門港片區)項目焦化工程標段總承包項目)	114.7
2	General Contracting Project of Annual Production of 2.7 million tons of Special Steel by Linyi Iron & Steel Investment Group Special Steel Co., Ltd. (臨沂鋼鐵投資集團特鋼有限公司年產270萬噸優特鋼項目總承包合同)	96.5
3	Base Project of Advanced, Excellent and Special Steel Industry in Shandong Iron & Steel Group Yongfeng Lingang (山鋼永鋒臨港先進優特鋼產業基地項目)	50.0
4	Engineering General Contract for 2×1,580m ³ Blast Furnace and Supporting Public Auxiliary Facilities in Chifeng Zhongtang Special Steel Co., Ltd. (赤峰中唐特鋼有限公司2×1,580m ³ 高爐及配套公輔設施項目總承包合同)	16.8
5	General Contracting Project of Steelmaking Engineering Relocation for the City Steel Plant Relocation of Hebei Tianzhu Steel Group Co., Ltd. (河北天柱鋼鐵集團有限公司城市鋼廠搬遷煉鋼工程總承包項目)	14.9
6	EPC of Zhongxin Steelmaking system (中新煉鋼系統總承包項目)	13.4
7	Energy-saving and Environmental Protection Projects of No. 5 and 6 coking oven of Pangang Vanadium (攀鋼鋼5、6號焦爐節能環保改造項目)	13.2
8	EPC of Zhongxin Ironmaking System (中新煉鐵系統總承包項目)	11.7
9	EPC of Promotion of Supply-side Structural Reform and Implementation of Environmental Protection Transformation and Upgrading Project and Engineering of Comprehensive Raw Materials Factory of Kunming Iron & Steel Holdings Co. Ltd. of Wuhan Iron and Steel Group+ Financing (F) (武鋼集團昆明鋼鐵股份有限公司推進供給側結構性改革實施環保搬遷轉型升級項目綜合原料場工程總承包合同)	11.1
10	Cold Rolling Construction Project of Shanxi Jinang Zhizao Science and Technology Industrial Park Development Co., Ltd. (山西晉鋼智造科技產業園開發有限公司冷軋工程)	11.1
11	EPC of the Steelmaking and Continuous Cast of Zhoukou Iron and Steel (周鋼煉鋼連鑄總承包項目)	10.8
12	EPC of Steel-making Main and Auxiliary Facilities Project in Relocation of Iron & Steel for Environmental Protection of Kunming Iron & Steel (昆鋼環保搬遷煉鋼主體及輔助設施工程總承包項目)	10.5

Note: The different bidding sections of the project are respectively implemented by subsidiaries of ACRE Coking & Refractory Engineering Consulting Corporation, CISDI Group Co., Ltd., Zhong Ye Chang Tian International Engineering Co., Ltd., Huatian Engineering & Technology Corporation, China 22MCC Group Co., Ltd. and other companies, the contract amount here only includes the contractual of more than RMB500 million, excluding the contractual amount of less than RMB500 million.

We closely keep up with the pace of adjustment to the layout and upgrading of industry, facilitated further cooperation with key steel enterprises and continued to consolidate the leading position of the metallurgical market. Newly signed metallurgical engineering contracts amounted to RMB143.4 billion, creating a record high. We successively won the bid for more than 20 major general contracting metallurgical projects in 2020, including Zenith Steel, Angang Zhoukou Base, Zhongxin Steel, Guangxi Fangcheng Port Steel, Rizhao Steel in Shandong, Shandong Linyi Steel, among which, Shandong Linyi Special Steel Project is the largest single metallurgical EPC project in China. At the same time, we give full play to the leading role in the high-tech field of the industry, and actively implemented the green and intelligent development concept of the steel industry. In terms of greening, we won the bid for the design of HBIS hydrogen energy development and utilization demonstration project, the world's first hydrogen energy development and utilization demonstration project, exploring the best way for the world steel industry to develop a low-carbon or even "zero-carbon" economy; In terms of intelligence, Maanshan Iron and Steel former Integrated Intelligent Management and Control Center project, which

has the largest scale, the largest number of production lines and the highest integration in the bid-winning industry, achieved the transition from experience-driven to digital- and intelligent-driven of our iron smelting production. In 2020, we won 18 prizes at the Metallurgical Technology Award organised by China Iron and Steel Association, including three first prize and 6 second prize, ranking the leading place in both award level and number. We won 7 first prize and 6 second prize in China Nonferrous Metals Industry Science and Technology Award, 17 engineering construction science and technology awards of China Construction Enterprise Management Association, including 4 first prize and 13 second prize, as well as 6 awards in the category I, 5 awards in category II and 10 awards in category III in China Construction Engineering BIM Competition.

Non-metallurgical Engineering and Construction

By leveraging our experience, technology and construction capabilities in our metallurgical engineering and construction business, we have been able to expand our footprint in non-metallurgical industry and engage in many significant non-metallurgical engineering and construction projects.

For the three years ended 31 December 2018, 2019 and 2020, the revenue generated from non-metallurgical engineering and construction was RMB193.5 billion, RMB241.6 billion and RMB273.5 billion, respectively, representing 74.9%, 77.5% and 75.1% of the revenue generated from the our engineering and construction business, respectively. For the same period, the value of our newly signed non-metallurgical contracts was RMB517.6 billion, RMB622.5 billion and RMB835.2 billion, respectively, representing 82.3%, 82.9% and 85.4% of the total value of our newly signed engineering and construction contracts, respectively. The revenue generated from our non-metallurgical engineering and construction of our newly signed non-metallurgical contracts increased continuously from 2018 to 2020 due to our business strategy to shift our focus to non-metallurgical engineering and construction. See “*Description of the Group – Engineering and Construction Business – Our Future Business Focus*”.

As the major force for fundamental construction, we play a role in the new development layout of international and domestic dual cycle. We have actively served and supported major national strategies and has given full play to the leading role in the fundamental construction industry. For the year ended 31 December 2020, we closely followed the national regional development strategy, and adhered to the large regional market development strategy. The newly signed contracts value in the four major regions, namely Beijing-Tianjin-Hebei, Chuanyu, Central China, Jiangsu-Zhejiang-Shanghai, has all exceeded RMB100 billion, among which, the development project of Shandong Linyi International Port Area has set a record for the largest contract value of our EPC. Xi’an Subway and Shenzhen Subway have enabled us to make major breakthroughs in the field of the subway construction. The Xiamen Tianma Project is the single electrical plant project with the largest floor area in the world. We have actively explored new business models and obtained the “high-tech, new, multi-functional and large-scale” by participating in PPP and investment, financing, construction projects. The contract value of the bid-winning investment and financing project reached RMB87.2 billion for the year ended 31 December 2020, which effectively assisted in contracting signature major projects, among which, the ABO Project of the Tract Development of Urban Village in the Main Urban Area of Baoding City is the largest single contract with the largest investment amount signed by us in recent years by adopting the new business model.

The following table shows some of the major housing construction and infrastructure construction projects which we entered into since 2020:

No.	Name of Project	Contractual Amount (RMB100 million)
1	Infrastructure Construction Project in International Inland Port Area of Linyi, Shandong (山東臨沂國際陸港片區基礎設施建設項目)	189.8
2	Baoding Main Urban Area Contiguous Development of Village in City ABO Project (保定市主城區城中村連片開發ABO項目)	96.5
3	PPP Project of RonganCongjiang Expressway Phase I Engineering (融安至從江高速公路一期工程(融安至安太段) PPP項目)	64.1
4	2020 Nine Bundled Urban Development Investment and Construction Projects in Cuiping District (翠屏區2020年城市建設九個打捆項目)	51.6
5	University Town (Phase I) Project in Suji New District, Leshan City (樂山市蘇稽新區大學城(一期)項目)	45.1
6	Section II of Baoding Main Urban Area Contiguous Development of Village in City ABO Project (保定市主城區城中村連片開發ABO項目(二標段))	40.8
7	Section I for General Construction of Housing and Ancillary Facilities relocation Project of Unit A in Xiongdong Area (雄東片區A單元安置房及配套設施項目施工總承包一標段)	40.5
8	Construction and Engineering Project of New City Campus in the Eastern Part of Sichuan University of Science & Engineering (四川輕化工大學東部新城校區建設工程項目)	40.4
9	Project of Sanxing Lake Water Conservancy Project Supporting Facilities and Backbone Road Network Construction of “integrated” in High-tech Zone, Deyang City (德陽高新區三星湖水利工程基礎配套設施建設項目及高新區骨幹路網建設「打捆」項目)	40.2
10	General contracting project for General Contracting Project for Guangxi Wuzhou Light Industry Park for Premium Stainless Steel Production Infrastructure (廣西梧州高端不銹鋼製品輕工園區基礎設施總承包項目)	37.6
11	Linyi Chengfa Urban Construction Development Co., Ltd. Railway Station Area Infrastructure Construction Project (山東臨沂城發城建開發有限公司火車站片區基礎設施建設項目)	37.0
12	Chongqing-Hunan Double-track Line (Main City to Youyang Section) and Wulong-Daozhen (Chongqing Section) Expressway (渝湘複線(主城至酉陽段)、武隆至道真(重慶段)高速公路)	36.4
13	EPC Engineering General Contracting for Phase I of Hangzhou International Science and Innovation Center Project of Zhejiang University (浙江大學杭州國際科創中心項目一期EPC工程總承包)	35.3
14	Southern Region Ancillary Engineering Project of Zhongguancun Science and Technology Innovation Base in Shenyang (瀋陽中關村科技創新基地南區配套工程項目)	31.9
15	National Highway G247: Zigong Qishu to Yibin Highway Construction and Chongqing Kunming Expressway Xiangbi Exit to Zigong Qishu Highway Reconstruction Works (Phase I) (Ming Wei Avenue) Investment, Construction and Cooperation Project (國道G247線自貢漆樹至宜賓段公路建設、渝昆高速象 鼻出口至自貢漆樹公路改造工程一期(明威大道)項目)	29.8

Contracting Models

In recent years, we have adopted a number of contracting models for our engineering and construction business. These include EPC or turnkey contracts, EP contracts, EC contracts, PC contracts and project management contracts:

- EPC or turnkey contracts: The contractor undertakes the entire process of design, procurement of materials and equipment, construction and installation of a project and is also responsible for our trial operations. An EPC contractor is responsible to the project owner for the quality, safety, timely delivery and cost of the project.
- EP, EC and PC contracts: These contract models are less comprehensive than EPC contracts, since the contractor is only responsible for the engineering, design and procurement, engineering design and construction, and procurement and construction, respectively, and the project owner or other contractors are responsible for the other work.
- Project management contracts: These mainly apply to large-scale projects. The project owner usually engages project management contractors because of the more complicated project organisation, higher requirements of technology, higher difficulties in management and more overall coordination work needed. The project management contractor takes full responsibility for the management of the project on behalf of project owners, including overall planning in different stages of the project, defining the project scope, running tenders, selecting engineering, procurement and construction contractors, and overall management of

the engineering design, procurement and construction process. In general, the project management contractor does not directly participate in the engineering design, procurement, and construction and trial operations.

Furthermore, we have leveraged our capital management capabilities established in engineering and construction business to undertake projects in the form of build-transfer, build-operate-transfer and other operating models. We use PPP model in non-metallurgical projects in sectors of road, industry park and its infrastructure construction, integrated piping system, shanty town transformation and public housing, public construction and ecological construction projects. The PPP projects in which we participated mainly adopted a cooperation model with banks, trusts, funds and other financial institutions. The government, state-owned enterprises and financial enterprises cooperated and unleashed their own strengths. For the years ended 31 December 2018, 2019 and 2020, we won the bids for 47, 24 and 24 PPP projects, respectively, with a total investment amount of RMB106.7 billion, RMB138.7 billion and RMB121.8 billion, respectively.

Engineering and Construction Process

Our engineering and construction process typically involves the following:

- **Project evaluation:** We assess the potential bidding requirements and environments, evaluating factors such as technical requirements, risks and internal resources to develop bidding strategies.
- **Bidding and costs estimation:** We will estimate the costs of each project before submitting our bid to ensure profitability and cost coverage. Prior to bidding for a project, we generally need to go through a pre-qualification process regarding financial conditions, qualifications of construction and scale of operation. If we meet the pre-qualification criteria and decide to pursue a project, we will prepare and deliver the bidding documents to the relevant potential customer.
- **Winning a bid:** We will engage in further negotiations to finalise and formalise the key contractual terms with our customers if we win the bid.
- **Design:** The designs will be evaluated by the customer to determine if they are in compliance with the customer's requirements, and shall be approved by the customer. Upon delivery of the project designs, the designer or design apartment is required by law to provide annotations setting out detailed explanations of the relevant design documents.
- **Procurement:** Procurement mainly includes the process from placing orders to the management of subcontractor procurement. We endeavour to ensure the necessary equipment, materials and related services can be procured at acceptable quantities and quality in a timely manner. With respect to project budget and cost controls, we are required to follow our internal budget management measures.
- **Construction:** Our construction department, in accordance with our construction guidelines, implements a detailed plan and operation manual for a project that generally prescribes items such as the work schedule, procedures and payment schedule.
- **Post-construction inspection and acceptance:** The contractor is required to submit a completion report and inspection receipt in respect of each individual part of the project. After inspection of all individual parts of the project has been completed, the entire project will be inspected by the Design, Construction and Supervision departments appointed by the project owner.

- **Maintenance:** Generally, we are liable for any defects in our work during a contractual maintenance period of 12 or 24 months stipulated in our construction contracts.
- **Design changes:** Modifications or changes in items such as specifications and the period for completion of the work may be initiated by the owner and sometimes the contractor based on the scope and price documented in a “design change” to the original contract and are reviewed, approved and paid for according to the normal change order provisions of the contract.

Subcontractors and Joint Ventures

Depending on the requirements and terms of an awarded contract, we may act as the EPC contractor, a member of a consortium or a partner to a joint venture contracted by the project owner, or a subcontractor. In the domestic market, we generally submit tenders for projects on our own to act as the EPC contractor rather than as part of a joint venture or consortium, because as an integrated construction company, we are able to execute such projects with our own resources. On the international front, we submit tenders for overseas projects, both on an individual basis and as a member of a joint venture or a consortium. Where we act as a member of a consortium or joint venture, we share the scope of work and responsibilities with the other consortium members or joint venture partners as defined in the consortium or joint venture agreement, respectively. We normally bear joint and several liability to the customer with other members of the consortium or joint venture, as provided for in the consortium or joint venture agreement. In most of our joint construction projects, we enter into a consortium with other parties and decides each party’s share of interest through negotiations based on the underlying agreement. The parties will share the revenue according to the share of interests and be jointly liable for the quality of the construction projects.

We act as the EPC contractor in most of our projects. We may from time to time subcontract ancillary parts of our projects to independent third-party subcontractors. In addition, if we need extra manpower due to a shortage of labour, or in order to speed up the progress of project work, we may need to subcontract labour services internally, hire short-term temporary workers, or engage independent third-party subcontractors. We generally engage subcontractors through tenders, from which we select a subcontractor primarily based on their qualifications, track record, personnel credentials, financial strength and proposed subcontract fees. The number of years a subcontractor has worked with us varies, as in general we does not have fixed subcontractors. The subcontracting agreements primarily set forth the principal terms relating to fees, scope of work, technological standards or service quality, delivery time, payment, project management, bonds, insurance, liabilities and compensation, which generally reflect the terms and conditions of the notes of our main contract. Subcontracting arrangements are made on a project by project basis, and the duration of each subcontracting agreement generally depends on the progress, scope and other needs of each project.

We have a number of measures to manage and monitor the performance of our subcontractors in terms of both quality and delivery time and to ensure compliance with the applicable safety and environmental protection requirements. For example, we generally have on-site supervisors and technological consultants to monitor subcontractors’ work and ensure compliance with the relevant government rules and regulations. To maintain our desired technological standards, we are generally responsible for the design of any construction technology plan and closely manages our execution by the subcontractors. Pursuant to the subcontracting agreements, we are also generally entitled to compensation if the subcontractors fail to meet the prescribed requirements of quality, delivery time, technologies, and safety and environmental protection standards.

We and our subcontractors are jointly liable for work safety issues arising from subcontracted work. Nonetheless, the subcontractors, as independent legal persons under PRC laws, are liable for their activities in violation of laws and regulations. Pursuant to the subcontracting agreements, the subcontractors typically are also held liable for those of our damages caused by them.

Procurement and Supplies

The raw materials we use for our engineering and construction business segment include steel, wood, cement, initiating explosive devices, waterproofing materials, geotechnical materials and additives. Depending on the requirements of different projects, we require raw material supplies from various industries, including the steel, cement, construction ceramics, glass, aluminium and chemicals industries. We adopt three different methods of procurement for our construction operations, namely, procurement by owner, procurement controlled by owner and procurement by contractor, in accordance with different provisions under our construction contracts. Key features of different procurement methods are briefly summarised as follows:

- Procurement by owner: The contractor compiles a list of the main raw materials required for construction and then submit the list to the owner. After the owner confirms the list, the owner will be responsible for the purchase of raw materials in accordance with the list.
- Procurement controlled by the owner: The owner will supervise the contractor in the organisation of the bidding and determination of the raw materials suppliers, and the contractor will negotiate business terms and enter into a purchase agreement with the suppliers designated by the owner.
- Procurement by contractor: The contractor is responsible for procuring raw materials. The procurement costs count toward the construction cost and are taken into account when determining the total contract price and the owner will not make separate payment for raw materials procurement. Most of our projects adopt this method of procurement.

Customers, Sales and Marketing

Construction projects are generally contracted by public tender, in which only qualified contractors may participate. When information relating to a public tender is collected and a favorable conclusion is drawn after a preliminary evaluation, we will participate in the public tender for such projects in suitable areas. In addition to maintaining close relationships with our customers, we also work closely with professional institutions in the construction industry, consulting companies and planning and construction authorities to obtain information on significant projects and potential business opportunities.

We have developed a broad and diversified client base for our engineering and construction business, including domestic and overseas steel companies and other metallurgical companies, local municipal companies and governments, and property developers. Our major customers in China include many large-scale iron and steel enterprises, such as Baosteel, Tata Steel, Alliance Steel, FHS, Pangang, Shougang Group, Baogang Group, Wusteel, Magang, HBIS, Rizhao Steel and Jinchuan Group, to which we provide engineering and construction services throughout different stages of their business lifecycle. Our overseas customers include primarily foreign governments and enterprises in the relevant markets. For iron and steel metallurgical engineering and construction and other projects overseas, we primarily target developing countries and territories in which a significant economic growth is expected and in which we believe our technological capabilities will provide us with a technological advantage over our competitors, including those in South Asia, Southeast Asia, Africa, South America and Central Europe.

Competition

We compete with both Chinese and foreign contractors for engineering and construction services. Competition largely focuses on price, delivery schedule, variety of services provided, service quality, financial strength, and environmental standards.

We face competition primarily in certain areas of the business, including in design and construction, where we compete with domestic competitors such as the design and construction enterprises owned by certain large-scale iron and steel enterprises, including Ansteel's and Shougang

Group's design institutes, as well as certain metallurgical construction units established under the former Ministry of Metallurgical Industry of the PRC. In addition, in respect of our iron and steel engineering and construction business, we also compete with certain large, leading international engineering companies.

With regard to our overseas engineering and construction markets, contractors with leading technology from developed countries such as the U.S., Japan and various European countries have relatively large competitive advantages in global branch networks, capital, technology, information collection, management capabilities, adaptability and brand name recognition, among other areas. In addition, we also face competition from other large Chinese contractors for large-scale project contracts in overseas markets as well as from local contractors in the relevant foreign countries and territories.

Backlog

Backlog represents our estimate of the contract value of work that remains to be completed as at a certain date. The contract value of a project represents the amount that as at the relevant date we expect to receive under the terms of the contract if the contract is performed in accordance with our terms. Backlog is not a measure defined by generally accepted accounting principles, and our methodology for determining backlog may not be comparable to the methodology used by other companies in determining their backlog. Backlog may not be indicative of future operating results. Not all of our turnover is recorded in backlog for a variety of reasons, including the fact that some projects begin and end within a short-term period. Many contracts do not provide for a fixed amount of work to be performed and are subject to modification or termination by the customer. The modification or termination of any one or more sizeable contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

As at 31 December 2018, 2019 and 2020, the aggregate backlog of our engineering and construction business amounted to RMB926.3 billion, RMB954.6 billion and RMB1,239.6 billion, respectively.

Our Future Business Focus

In response to the PRC Government's policies on strategic transformation of the iron and steel industry, we are shifting our focus to non-metallurgical engineering and construction sectors, including the fundamental construction sector and the emerging business sector, to establish our new competitive edges and complete a batch of major projects with significant influence in the industry. The fundamental construction sector includes transport and municipal infrastructure, premium property construction and environmental engineering and alternative energy. The emerging business sector includes integrated piping system, theme park construction, sponge city, beautiful countryside and smart city.

In the emerging business sector:

Eco-environmental protection industry

We have actively participated in the eco-environmental protection improvement. We focused on key development of markets such as municipal wastewater treatment, general treatment of river basins, general treatment of black odorous water, waste-to-energy, and soil and mine remediation. In recent years, we are developing rapidly in the field of water management and continuously expanding its market share. Currently, there are a total of 27 water projects in operation, mainly in North China, East China and Southern China, which are economically developed and with high urbanization and population density, with a total designed capacity of 2.62 million tons per day. In 2020, we continued our efforts to optimize and integrate the existing water management segment. We established China Metallurgical Ecological Environmental Protection Group Co., Ltd., a professional subsidiary with specialized full industry chain, integrated with water, solid waste, ecological environment management investment, engineering construction and operation. The specialized company relies on the "MCC"

brand, leveraging double drive of technology and investment to fully capture the market share of water segment and strive to become a leading enterprise in the ecological environmental protection industry during the 14th Five-Year Plan period.

In 2020, we made a lot of significant progress in the development of the field of eco-environmental protection improvement. We successfully obtained the energy station project in Rongdong Area in Xiong'an, the most advanced in energy conservation and environmental protection in China, and the recycled building materials yard project in Anzhou feature towns and Zangang Area with the most advanced environmental protection design in China. We won the bid for a number of major projects, including the Great Yangtze River Protection Project of Changyang in Yichang City, the comprehensive ecological restoration project in ecological zones around the city of Chengdu, Fuhuanhe outlet reach of Yangtze River tributary comprehensive treatment project (Phase I) in Wuhan, "One River and Two Banks" water environment treatment project in Xiling and Hi-tech Zone of Yichang City, the construction of comprehensive water environment treatment project (Phase I) Shujia River (north section) of basin of Fujiang River in Hi-tech District, Suining, the demonstration city construction project for urban black and odorous water treatment in Zhaotong City, Zhanjiang Potou (Haidong High-tech Zone) water supply (pipe network) project, the project for upgrading construction for sewage treatment plant in Zhuozhou, treatment project for geological environment of mines in the mining areas in the east of Sanhe, Langfang City (Phase V), technology transformation project for Xiangyang Enfi household waste incineration power plant, Ganzhou Nankang household waste incineration power plant project.

Special theme projects

As the world's largest contractor for theme park construction with the only professional design institute for theme parks in China, we are the country's one and only enterprise qualified for both theme park design and the execution of entire construction projects. In 2020, the project of Hollywood and Transformers Base Scenic area in Universal Studios Beijing constructed by us were completed and accepted for inspection. The completed project will surpass the Universal Studios Orlando in the United States, becoming the world's largest, most intelligent and most high-end global theme park. The first snowmobile and sleigh track project in China is undertaken us – the National Snowmobile Sled Center for Winter Olympics in Beijing has successfully completed the landscape certification and operation security work. On this basis, we successfully won the bid and signed a series of major featured themes projects, including the general contracting project for Mandai Rainforest Northern Park in Singapore, project engineering for Expo Park of 2021 Yangzhou World Horticultural Expo, Paramount Film Theme Park in Xianshan International Cultural Village, Wuzhou Guangxin Forest Park, to further demonstrate the leading demeanor of us in this field. For the year ended 31 December 2020, we have entered into and won over 35 major projects, with contractual value over RMB14.6 billion.

Healthcare and senior care industry

We actively conformed to the development trend of the public healthcare and senior care industry and the pressing needs in demand of the market by adopting the double innovative mode of "research institute + healthcare and senior care investment platform". Leveraging the technological advantage of the Healthcare and Senior Care Industry Technology Research Institute of MCC, we offered owners with all-round and comprehensive services of "healthcare, rehabilitation, senior care, health-consciousness, fitness, travel and culture" with professional and full-range perspectives. In 2020, we gradually won the bid for and obtained a number of major projects, including the project for Shenzhen Shajing People's Hospital Extension (Phase II), Tianjin Dong Li Hu Lijianyuan Big Health Industry Upgrading Project, general EPC project for Medical Health Emergency Industry Base in Sichuan, relocation PPP project of Guangdong Province Wuchuan People's Hospital, to create the "healthcare and senior care +" brand effect of MCC.

The following table shows some of the major projects related to emerging industries which we entered into since 2020:

No.	Name of Project	Contractual Amount (RMB100 million)
Ecological and Environmental Protection Projects		
1	Comprehensive Renovation Engineering Construction of Southern and Northern River Water and Environment of the Sponge City in Siping City, Jilin Province, and Construction Project for Transformation Engineering of Rain and Sewage Diversion of the Construction Center of the Sponge City in Siping City (四平市海綿城市建設南北河水環境綜合整治工程、四平市海綿城市建設中心城區雨污分流改造工程建設項目)	25.0
2	PPP Project for Phase I of Bailian River Ecological Protection and Green Development Demonstration Zone in Huanggang City (黃岡市白蓮河生態保護和綠色發展示範區一期PPP項目)	20.0
3	EPC General Contracting Contract of Comprehensive Treatment PPP Project of Water Environment for the Central City of Ma'anshan (馬鞍山市中心城區水環境綜合治理PPP項目EPC總承包合同)	16.2
4	EPC General Contracting Contract for Ancillary Infrastructure Project of Wuzhou Lingang Economic Zone (梧州臨港經濟區配套基礎設施項目EPC總承包合同)	13.9
5	Operation and Maintenance (I) of Comprehensive Treatment PPP Project of Water Environment for the Central City of Ma'anshan (馬鞍山市中心城區水環境綜合治理PPP項目運營維護(一))	11.5
6	Geological Environmental Treatment Project (Phase V) for Mines in the Mining Areas at the East of Sanhe, Langfang City, Hebei Province (河北省廊坊市三河東部礦區礦山地質環境治理工程(五期))	10.6
7	Section II of Baoshan Renewable Energy Utilization Center Project (寶山再生能源利用中心項目施工二標段)	10.1
Featured Construction Projects		
1	EPC of Culture and Science Park of Phase II of Overseas Chinese Town Cultural Tourism Resort in Xiangyang (襄陽華僑城文化旅遊度假區二期文化科技園工程總承包)	24.8
2	Tianfu Art Park, Culture and Wenbofang Area Construction Project Survey -Design - Construction General Contract (天府藝術公園·文博坊片區場館建設項目勘察-設計-施工總承包)	15.7
3	Paramount Film Theme Park, Villa Area and Supporting Facilities in Xianshan International Cultural Village (岷山國際文化村派拉蒙影視主題樂園、別墅區及配套工程項目)	15.2
4	General Contracting Project of Fluorite Mine Park Project, Hong'an County, Huanggang City, Hubei Province (湖北省黃岡市紅安縣螢石礦山公園項目總承包建設工程)	12.0
5	Performance Project in Shadu Lake of Bailang Oasis Wetland (白浪綠洲濕地公園鶯都湖演藝項目)	11.8
Projects in Healthcare Field		
1	Project of Chinese Academy of Medical Sciences Cancer Hospital Branch (Langfang Hospital Area) (中國醫學科學院腫瘤醫院分院(廊坊院區)項目)	47.5
2	EPC Project of Rural Zhenxing Healthcare Living Town in Zhangzhuang Town, Zhuangcheng (鄒城市張莊鎮鄉村振興康養宜居小鎮EPC項目)	12
3	Construction of Section I of Phase I of Zhihui Yunjin Incubation Base Project of Great Health Pharmaceutical Industry in Guizhou (貴州大健康醫藥產業智匯雲錦孵化基地項目一期一標段施工)	10.7

Xiong'an New District

Xiong'an New District is the 19th national new district in China and the first national new district to be established by the Central Committee of the Communist Party of China and the State Council. It is located in the eastern part of Baoding City, Hebei Province, and is divided into the areas of Yuxiong County, Rongcheng County, Anxin County and its surrounding areas. As an important pole for the world-class Beijing-Tianjin-Hebei urban agglomerations, Xiong'an New District is an important national model for promoting high-quality development and a new engine for modern economic systems. Since its implementation, we established our command centre and offices in the district with 22 subsidiaries up and running. For the year ended 31 December 2020, our total contractual value in Xiong'an New District has reached RMB12.4 billion and we have carried out multiple projects in the district, including the completion of the steel structure project of Hebei Xiong'an High-speed Railway Station (No. 2 Section) project and the new reconstruction project of Anxin County Water Supply Pipeline Network. As at the date of this Offering Circular, we have won the bids for a number of important projects including the RDSG-2 bidding section of the commercial concrete on the west side of Rongcheng (Community A and Community F), Xiong'an New District, the first-phase project of the integrated refuse disposal facility with a total investment value of RMB2.6 billion and a daily processing capacity up to 3,500 tons and the residential engineering project of Rongdong District, which includes the constructions of 3.3 kilometers of main pipeline and 5 municipal roads with a total length up to 7 kilometers. This project is the first bid for infrastructure section in Xiong'an New District and will play a leading role in the follow-up municipal infrastructure projects. It will also serves as an important carrier for the construction of Xiong'an to be a green and smart city.

Overseas Construction Market

In 2020, we optimised and reorganised the selected layout of overseas markets by adding new hotspots and potential regions along the “Belt and Road”, popular countries for steel capacity cooperation, countries which had restored their national stabilities and strived to develop infrastructure and civilian facilities and countries in line with the target of the financial institutions financing policy. We gradually made adjustments to the countries with fair prospects, minor scale, poor market foundation and plenty of restrictions. By utilising the regional and integrated advantages and striving to implement and proactively participate in the implementation of the national strategy of “Belt and Road”, we became the vanguard of the national strategy of “Belt and Road” with immense power. We have established 148 overseas institutions for engineering and 10 overseas institutions for mining in 58 countries and regions, including 96 overseas institutions in 32 countries along the Belt and Road region, among which there are some influential projects. For example, we won the bid for the New Cambodia International Airport project in Phnom Penh, the highest level 4F international airport. It is one of the key projects of China-Cambodia cooperation, a concrete manifestation of the "Belt and Road" initiative. It is the largest investment project in Cambodia in 2020 by us. We also signed the first overseas silicon steel project with the Russia’s largest silicon steel producer, which achieved the export of China’s cold rolled silicon steel technology and high end cold rolled equipment to Europe, breaking the long term monopoly of European companies in the Russia silicon steel market. At the same time, the Company worked to ensure high-quality contract performance, solidly promoted, which is the production of No. 1 production line of the Saudi YAMAMA cement plant project the largest cement plant in the world with daily production capacity.

Below is a list of our key overseas non-metallurgical engineering and construction contracts that we entered into in 2020:

No.	Name of Project	Contractual Amount (RMB100 million)
Overseas Project		
1	Supply Contract for Phase II and Phase III of CNI Ferronickel Project, Indonesia (印尼CNI 鐵項目二期、三期工程供貨合同)	16.8
2	First Section of OBI Nickel Iron Project in Indonesia (印尼OBI鎳鐵項目一標段工程)	8.5
3	Renovation and construction project of a metal manganese plant in Troitsk, Cheju, Russia (俄羅斯車州特洛伊茨克金屬錳廠改造及新建項目)	6.7
4	EPC General Contracting Contract for Converter Gas Recovery System for Technological Upgrade Project of Hegang Serbia Co., Ltd. (河鋼塞爾維亞有限公司技術改造項目轉爐煤氣回收系統EPC總承包合同)	5.5
5	General Contracting Project for Design and Construction of Airfield of New Phnom Penh International Airport in Cambodia (柬埔寨金邊新國際機場飛行區設計建造總承包項目)	26.7
6	North & South Park General Contracting Project in Wanli Ecological Rainforest in Singapore (新加坡萬禮生態雨林北部、南部公園總承包工程項目)	20.4
7	General Contracting Project of Design and Construction of Executive Condominium Project of Yishun 9 Road in Singapore (新加坡義順9道執行共管公寓工程設計施工總承包項目)	7.9
8	Yuetai Phnom Penh Harbour Urban Complex Project in Cambodia (Phase III) (柬埔寨粵泰金邊港城市綜合體項目三期)	7.4

For the year ended 31 December 2018, 2019 and 2020, the value of our newly signed overseas engineering and construction contracts amounted to RMB44.3 billion, RMB40.6 billion and RMB31.9 billion, respectively.

PROPERTY DEVELOPMENT

Overview

Our property development business comprises the development and sale of commodity residential and commercial properties, affordable housing and primary land development.

We mainly focus on the Beijing-Tianjin-Hebei areas, the Yangtze River Delta and the Pearl River Delta, developing commercial properties in China’s economically developed cities including Beijing, Nanjing, Tianjin, Shanghai, Zhuhai and Shenzhen, as well as their neighbouring cities including

Guangzhou, Shijiazhuang and Hangzhou. For the year ended 31 December 2020, our total investment amount in the property development business amounted to RMB23.3 billion, with the construction area of 10.4 million sq.m., among which the new construction area reaching 2.0 million sq.m., the completed area reaching 2.8 million sq.m. For the same period, we acquired 6 land parcels with site area and permissible gross floor area of 108,100 sq.m. and 205,700 sq.m. Our property development brand “MCC Real Estate” has established a good reputation and a high level of brand recognition in these cities. We have also established a subsidiary in Singapore, MCC Land (Singapore) Pte. Ltd., to engage in property development in Singapore. For the year ended 31 December 2020, our key projects in the property development business include:

(1) Zhuhai MCC Yijing Mansion Project.

The project is located in the international residential area planned by Hengqin Free Trade Area. The land parcel is the first land parcel solely for residential purpose in the international residential area, and the first land parcel transferred by Hengqin Free Trade Area solely for residential purpose since 2013. The project covers a site area and permissible gross floor area of 170,000 sq.m. and 230,000 sq.m. respectively, with an integrated plot ratio of 1.35. The project lies against mountain and is faced with sea, which is a scarce low-density landscape residential project in Hengqin New Area and even in Zhuhai. Project phase I started its first sales on 28 June 2018, and began completion acceptance on 22 June 2020; project phase II started its sales on 24 May 2020, and it is in the process of construction of its main structure with completion acceptance to be conducted in June 2021.

(2) Qinhuangdao Zhongye Dexian Huafu Project.

The project is located in Qinhuangdao development zone, which is recognized as popular property development areas in Qinhuangdao. The project covers a site area and permissible gross floor area of 37,600 sq.m. and 74,600 sq.m. respectively, with an integrated plot ratio of 1.98. Its construction was conducted in August 2018, while sales started in October 2019. As a large intelligent community integrating low-density foreign-style houses, small high-rise buildings, and business street covering an area of approximately 30,000 sq.m., office building with high standards and other comprehensive businesses built by MCC in Qinhuangdao after Dexian Mansion was constructed, the project attracted high-end customers who desired to improve their living environment with the concept of green, health and intelligence as well as the brand advantage of the first health experience hall in Qinhuangdao.

(3) Shijiazhuang Zhongye Dexian Huafu and Dexian Shengshi Plaza Project.

Located in Xinhua District, Shijiazhuang City, the project enjoys convenient transportation and favorable geographical location as it sits near Zhonghua Street and North Second Ring Highway. The project covers a site area and permissible gross floor area of 103,200 sq.m. and 332,400 sq.m. respectively, with an integrated plot ratio of 2.8 for residential property and 4.5 for commercial property. Its construction started in April 2019, and sales began in October 2019. The phase I residential houses were delivered at the end of 2020.

(4) Qingdao Zhongye Dexian Mansion Project.

Located in the West Jimo District, Qingdao, the project enjoys planning advantages in the development of main urban areas in Jimo moving towards west, and has supporting resources such as quality school access resources and industrial markets, making it a popular property project in Jimo District over the past few years. The project covers a site area and permissible gross floor area of 190,100 sq.m. and 359,500 sq.m. respectively, with an integrated plot ratio of 2.0 for residential and commercial land and 1.5 for amusement park. Its construction started in June 2020,

and the selling began in August 2020. The project was awarded “2020 China TOP 100 Value Property Project” in Seminar for Trends in Property Market in the First Half of 2020 held by China Real Estate Index System and China Index Academy.

(5) Sanhe City MCC Headquarters Base Project.

The project is located in the Northern Yanjiao Economic and Technology Development Zone, Sanhe City, Hebei Province with an aggregate site area of 219.7 mu. Phase I is planned to have four product formats, including Science and Technology Office, SOHO Office, Business Support and Convention Center. It is committed to achieving the “four builds”: firstly, to build a headquarters base under the leadership of MCC State-level research and development platform and with the support from regional headquarters of central enterprises; secondly, to build an innovative ecosystem composed of upstream and downstream supporting industries of MCC and high-end industries in the capital; thirdly, to build an industrial complex integrating research and development office, innovation incubation, industry display; fourthly, to build a hub for innovative enterprises in Beijing, Tianjin and Hebei, and the upgrade and development of industry. The construction of the southern and northern districts of the project commenced in the third quarter of 2020 and is scheduled to launch in the first quarter of 2021.

(6) MCC Xinglong Xincheng • Hongshijun Project.

The project is located in Xinglong County, Chengde City, Hebei Province, which represents transformation of MCC Real Estate from a traditional developer to an urban development operator. The project was launched for initial sale on 23 June 2018, with the first batch delivered on 26 December 2019. The remaining parcels are currently in the progress of main structure construction and internal and external decoration. A number of the parcels are scheduled to be delivered by the end of 2021.

As one of the first 16 central level state-owned enterprises approved by SASAC to engage in property development as one of their principal businesses, we participated in the development of affordable housing projects leveraging on our capacity in designing, construction and financing as well as our favourable reputation in the performance of contracts. We believe that we have been able to build strong relationships with the local government during the process of developing affordable housing projects, which further helps us to obtain more opportunities to develop commodity residential and commercial property projects.

For the three years ended 31 December 2018, 2019 and 2020, the segment revenue of our property development business was RMB22.9 billion RMB20.0 billion and RMB24.1 billion, respectively, representing 7.7%, 5.7% and 5.9%, of our total revenue before inter-segment elimination, respectively, and representing a gross profit margin of 28.5%, 26.0% and 20.7%, respectively.

Property Development Process

Our property development process typically involves the following:

- **Acquisition of Land:** We obtain land use rights by means such as participating in public tenders, auctions and listing-for-sales to acquire land use rights from the government, establishing joint venture enterprises with companies that own or will likely obtain land use rights, and investing in or acquiring companies that own land use rights.
- **Selection of Surveying Company:** In general, we pre-select several credible surveying companies for a comprehensive evaluation and selects the winning company by means of the tender process.

- ***Selection of Design Firm and Design Plan:*** We evaluate prospective design firms' qualifications, past performance records and capabilities, and select the winning design firm by means of tender or direct engagement. Our expert team then evaluates the design firm's designs.
- ***Selection, Management and Inspection of Construction Company:*** We conduct a preliminary evaluation and request selected enterprises to participate in on-site investigations, answer queries and submit tender documents. We select the winning construction enterprise through the tender. We generally insert quality assurance provisions in the construction contract. The construction enterprise is required to provide a quality performance project bond to us and allow us to withhold a proportion of our payment as retention funds during the warranty period. We examine the construction quality according to the relevant state requirements for quality inspection of construction projects and the quality provisions. The construction enterprise may be required to rectify our work if the quality is found to be unsatisfactory.
- ***Selection of Supervision Company:*** We conduct a preliminary evaluation of the qualifications of supervision enterprises, and invites qualified enterprises to submit tender documents. We select supervision enterprises through the evaluation and tender process.

Procurement and Supplies

Construction materials and equipment are the principal materials required to develop a property project. The construction materials that we need primarily include: reinforcing steel bars, cement, building decorative materials, landscaping materials and equipment materials. The equipment that we need primarily includes: elevators, fire-fighting equipment, ventilation and air-conditioning equipment. Our procurement of construction materials and equipment is primarily conducted by the following two methods:

- ***Direct procurement:*** We have two levels of direct procurement: central procurement and procurement by individual project companies. With the development of multiple projects and the promotion of our cross-regional operations, we began implementing a strategic central procurement system since 2006 in order to integrate our supply chain, reduce procurement costs and shorten procurement time. We make bulk procurement primarily by way of public tenders and developing a strategic cooperation relationship with those suppliers who have passed our internal assessments. In addition to strategic procurement, our project companies also directly procure certain materials within the scope authorised by our headquarters. Review and approval by the relevant department of our headquarters are required if a proposed procurement goes beyond the authorised scope.
- ***Procurement by the construction company:*** this consists of procurement by the general contractor and procurement by specialised subcontractors. The general contractor of a project procures certain materials pursuant to the construction contracts and as confirmed by us, including steel, cement, fire-fighting equipment, ventilation and air-conditioning equipment. In order to maintain quality control, we and the construction company jointly conduct an inspection of the supplier and review the quality standards of the products to ensure their practicability. We also supervise the selection of products by the construction company through open bidding. Specialised subcontractors are mainly responsible for procuring materials for computerisation or automation, specialised engineering areas and public facilities. To ensure product quality, project companies conduct qualification assessment and price assessment. Our headquarters generally conduct the assessments instead for those areas beyond the authorised scope of the project companies.

After-sale Services

We generally assist our customers in obtaining their individual property ownership certificates. Our commodity residential and commercial properties are managed by independent professional property management companies selected by us. We support and oversee the property management companies' operations including their services for property customers and handling of complaints. Project companies for our commodity residential and commercial properties also have specialised staff in charge of soliciting merchants and administering and auditing rental payments.

Commodity Residential and Commercial Property Development

With respect to the development of our commodity residential and commercial properties, we conduct in-depth market analysis to understand market prices and other trends in the property market before commencing or launching a property development project. Once we identify a suitable parcel of land, we participate in public tender, auction or listing-for-sale to obtain the right to develop the land, and begin applying for the various permit and licences that we need for the construction and sale of properties, including a state-owned land use rights certificate (國有土地使用權證), construction land planning permit (建設用地規劃許可證), construction works planning permit (建設工程規劃許可證), construction works commencement permit (建築工程施工許可證) and commodity property pre-sale permit (商品房預售許可證).

Sale of commodity buildings includes both pre-completion sales (pre-sale) and post-completion sales. In line with market practice, we pre-sell properties prior to completing construction. The pre-sale of commodity buildings shall be subject to a licensing system, and a property development enterprise intending to sell a commodity building before our completion shall register with the real estate development authority at city or county level to obtain a pre-sale permit. Income of a real estate development enterprise from the pre-sale of commodity buildings must be used for the construction of the relevant project.

We have expanded our commodity residential and commercial property development in various big cities in China, including Beijing, Shanghai, Tianjin, Chongqing, Nanjing, Taiyuan Changchun, Shenzhen, Xi'an and Wuhan.

Affordable Housing Development

We engage in affordable housing projects through direct cooperation with the relevant government authorities. The government generally directs the investment planning and sets the scope of the affordable housing projects according to the national policy requirements and the regional and local conditions of housing development. Primary land development and other preliminary work is then conducted with respect to the land provided for the development of affordable housing. We follow the applicable legal procedures to obtain an affordable housing development project. We obtain the funding for construction work primarily from the government, bank credit facilities and our corporate capital resources. After completing the construction work in accordance with the agreement with the government, we typically deliver the whole project to the government and collect payments based on a certain rate of return on the development cost as agreed upon by the government.

Primary Land Development

With respect to our primary land development operations, we are generally engaged by the government to undertake certain fundamental operations required on state-owned land before the land becomes suitable for property development and can be granted to property developers or other entities through public tender, auction or listing-for-sale. Primary land development involves mainly the taking of land by the government, compensation and resettlement of residents in the affected area, destruction of existing structures and clearing of the land, construction of infrastructure and civil and public facilities, and construction of the water supply, drainage, power supply, roads, communications

infrastructure, heat supply and natural gas supply. The local government generally leads the primary land development process and may engage government entities or qualified enterprises to conduct the primary land development operations.

Customers, Sales and Marketing

The target customers for our property development projects are primarily individual consumers as well as corporate and institutional buyers. Currently, sales and marketing work is handled by the project companies, which have established specialised teams dedicated to the marketing of property development projects. As needed, the sales and marketing departments of the project companies engage external sales and marketing consulting firms to assess the relevant projects and jointly implement advertising and marketing plans for the projects.

The pricing of our commodity residential and commercial properties is based primarily on the geographical location of the area in which the project is situated, our level of economic development, income level of residents, ancillary and nearby facilities, market supply and demand, prices of neighbouring properties of similar types, and costs of development, among other factors.

Competition

With a large number of property development enterprises in China, China's property development industry is subject to intense competition. As a cross-regional property developer, our main competitors include primarily national property developers and regional property developers in our target markets. Leading enterprises in the industry such as China Vanke Co., Ltd., China Overseas Land & Investment Ltd. and Poly Real Estate (Group) Co., Ltd. generally have significant advantages in business scale, industry experience and branding, therefore having strong market positions accompanied by increasing market shares. Meanwhile, regional property developers generally have a smaller share of the overall property market in China and weaker brand influence than national property developers, due primarily to the differences in business positioning.

RESOURCES DEVELOPMENT

Overview

Our resources development business mainly focuses on mining, selection and refining of metal resources of nickel, copper, lead, zinc and other metals. Our business is focused on metallic mineral products, resources that are scarce in China and resources development overseas.

We are one of the largest Chinese enterprises engaging in resources development overseas. Leveraging the PRC government's "Going Global" strategy which encourages large Chinese enterprises to expand overseas, we have invested in mining and processing operations of metallic resources in a number of countries and territories, including, Papua New Guinea, Argentina, Pakistan, Afghanistan and Australia. The principal business activities in our resources development business include: investment, mining, processing, smelting and import and export services. As at the date of this Offering Circular, we held mining interests in various overseas resources development projects designed to develop such metallic mineral resources as iron ore, copper, nickel, cobalt, zinc and lead.

In addition to overseas operations, we also engage in resources development in China. We engage in the production of polysilicon in Henan.

We have adopted various investment or operating models for our resources development business. These include directly investing in the exploration and mining rights, acquiring overseas mining companies, and entering into leasing arrangements, either on our own or with our business partners.

For the three years ended 31 December 2018, 2019 and 2020, the segment revenue of our resources development business was RMB5.3 billion, RMB5.2 billion and RMB4.4 billion, respectively, representing 1.8%, 1.5% and 1.1% of our total revenue before inter-segment elimination, respectively.

Resources Development Projects

Overseas Resources Development Projects

(1) Papua New Guinea Ramu Nico Project

In 2020, the average ratio of production capacity of the project for the year reached 103.2%, ranking first in the world's leaching of laterite nickel ore, and achieving over-production for four consecutive years since 2016. In 2020, the project produced Ni-Co hydroxide that contained 33,659 tons of nickel and 2,941 tons of cobalt in aggregate, and the unit cash production cost was the lowest among the laterite nickel mines in the world. The project is the mine with the highest production rate and operation level among the existing laterite nickel mine in production in the world with good market competitiveness and development prospects. As the demand for high-nickel ternary motive battery in the downstream new energy automobile industry continues to expand and release, it is expected that the price of nickel will continue to operate at a high level. In the future, this project is expected to achieve a new breakthrough in profit for the year on the basis of meeting the targeted production and sales and reaching the full production and sales, which will make further contributions to the improvement of our performance.

(2) Duddar Lead-Zinc Mine, Pakistan

In 2020, the project achieved the mine production capacity of 503,000 tons, and the target of mine production capacity of 500,000 tons/year for two consecutive years, producing zinc concentrate contained 35,054 tons of zinc aggregate and lead concentrate contained 7,094 tons of lead in aggregate throughout the year. The profit for the year was over RMB100 million with remarkable production and sales performance.

(3) Saindak Copper-Gold Mine, Pakistan

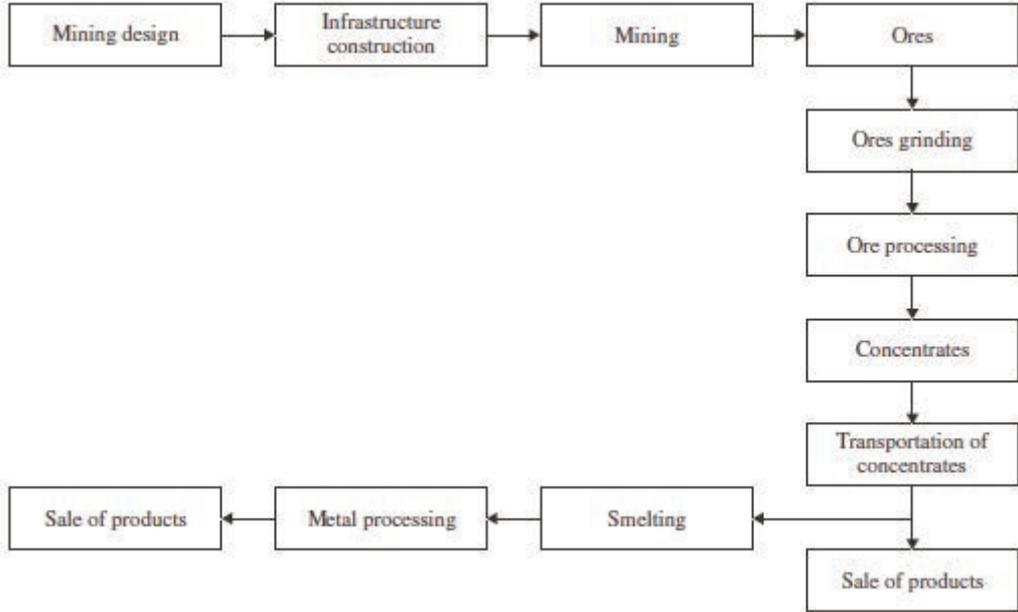
The production scale of the project is 12,800 tons of ore per day, with an average annual smelting capacity of 20,000 tons and crude copper as the product. Upon the outbreak of pandemic, In early days of June 2020, the project successfully organized an international charter flight to resume production and work, and successfully escorted the Chinese employees of the smelter to the project site. After the expiration of the centralized isolation period, the smelter successfully ignited and resumed production in the first half of July 2020. In order to overcome the shortage of human resources during the pandemic, the project adjusted the "three shifts" work system of the smelter to "two shifts". All Chinese and Pakistan staff made concerted efforts to improve the daily production level of crude copper. We produced 13,200 tons of crude copper in aggregate throughout the year, achieving a dividend income of over RMB100 million, and successfully completed the annual production and operation task. At present, the project has started the open-pit overburden removal of the east orebody, laying the foundation for the future development of the east orebody resources and the long-term stable production and operation of the project.

(4) Aynak Copper Mine, Afghanistan

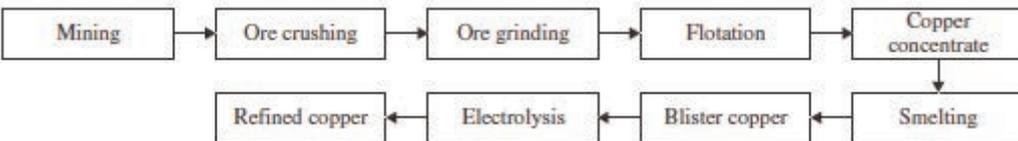
In 2020, the amount of project resources is 662 million tons, the contained copper is 11.08 million tons, with an average copper grade of 1.67%, which is a world-class super large copper mine. Affected by the pandemic and other factors, we are still negotiating with the Afghan government about the mining contract and will continue to strengthen communication with the Afghan government. We will steadily push ahead with amendment on mining contract negotiations, strive to win national policy support, and safeguard our legitimate rights and interests in a reasonable and orderly manner.

Business Process

Our resources development operations generally involve the mining and smelting of mineral resources. All our products require processing before final sale. The following diagram shows the general business process involved in our resources development business:



We use different smelting processes to smelt different metals. These primarily include the thermal reduction process and the electrolysis process. The following diagram shows our copper ore smelting process to illustrate our smelting operations:



Competition

Enterprises intending to engage in resources development are generally required to make significant investments. Under the current market conditions, particularly as competition is intense, resources development enterprises compete in terms of capital resources, mineral resources, production scale, technological equipment, and experience in production management. We engage primarily in the mining and smelting of key metallic resources such as iron ore, copper, nickel and zinc. Companies carrying out similar businesses domestically include mainly large-scale non-ferrous metallic resources development companies such as Jiangxi Copper Co., Ltd., Yunnan Copper Co., Ltd. and Jinchuan MCC Group Ltd., as well as certain subsidiaries of large-scale iron and steel enterprises that engage in the development of iron ore.

Due to the increased demand for metallic mineral resources resulting from global economic growth, as well as the non-renewability and regional distribution of metallic mineral resources, many countries and large international mining companies are competing strategically to obtain mineral resources from around the world. Many large international mining companies have advantages over us in terms of capital resources, talent, technology, management capability and experience. Meanwhile, local mining companies may be in a better position to access certain mineral resources because of their better

understanding of the local market, stronger relationships with the local government or certain favorable local government policies. As a key domestic enterprise engaging in overseas resource development, we possess certain advantages in capital resources, technology and experience, among other areas, as compared to domestic resources development enterprises and is in a relatively strong position to acquire overseas resources.

EQUIPMENT MANUFACTURING

Overview

Our equipment manufacturing business primarily consists of the research and development, design, manufacturing, sales, installation, fine-tuning, inspection and repair of metallurgical equipment and our spare parts, steel structures and other metal products as well as related services. The scope of our business includes research and development, design, manufacture, installation, testing and maintenance of such products, as well as certain related services. Our key projects include the National Alpine Skiing Field, Shanghai Expo Pavilions, Sunrise Kempinski Hotel Beijing, Kuwait International Airport Terminal II, Shenzhen Rouyu sixth-generation flexible display project and Harbin Grand Theatre.

We have developed various technologies pertaining to the metallurgical industry, which have enabled us to produce proprietary core metallurgical equipment, including rolling mills, continuous rolling mills with pickling line, large-scale electric furnaces, large-scale bloom (round) casters, equipment for steel strip processing lines and ancillary equipment, and to establish strong equipment integration capabilities. In addition to supplying products and services to meet the needs of our engineering and construction business, we also provide equipment, components and parts directly to major medium- and large-scale iron and steel enterprises in China, including Baosteel, as well as to overseas markets, including Japan and Germany.

As a significant portion of our steel structure products are directly provided for our engineering and construction projects, part of our revenue generated from the production of steel structures was accounted for as revenue of our engineering and construction business.

For the three years ended 31 December 2018, 2019 and 2020, the segment revenue of our equipment manufacturing business was RMB7.0 billion, RMB7.2 billion and RMB11.1 billion, respectively, representing 2.4%, 2.1% and 2.7% of our total revenue before inter-segment elimination, respectively.

Principal Products

Metallurgical Equipment

We are a large-scale manufacturer of metallurgical equipment in China. Our metallurgical equipment products include:

- Various rolling mills, including cold and hot plate rolling and strip rolling mills, bar rolling and wire rolling mills and special rolling mills of certain specifications;
- Equipment for steel strip processing lines, including equipment for various types of steel strip processing lines, degreasing, acid cleansing and brushing equipment, pay-off reel machines, coiling machines and leveling machines; and
- Ancillary equipment, including cutting equipment, hard gear transmission boxes, high-pressure hydro dephosphorisation equipment, slab caster equipment, coil and plate transportation equipment, forging press and certain spare parts for metallurgical and mining equipment.

Steel Structures

We are one of the largest manufacturers of steel structures in China. We are in charge of the operation and management of National Engineering Research Center for Steel Construction and its affiliated China Steel Structure Quality Inspection Center through China Metallurgical Construction and Research Institute, a member of the MCC Group. Our principal steel structure products include:

- Construction steel structures, including high-rise steel structures, residential steel structures, towers and mast steel structures, grid structures and light-weight portal frames; and
- Special steel structures, including pressure vessels, spherical tanks and blast furnace bodies.

Our construction steel structure products are primarily used to construct large exhibition centres, sports stadiums, airport terminals and plant facilities. Our special steel structure products are primarily used to construct production lines for the metallurgical and chemical industries.

As a significant portion of our steel structure products are directly provided for our engineering and construction projects, part of our revenue generated from the production of steel structures was accounted for as revenue of our engineering and construction business.

Procurement and Supplies

The major raw materials used in our equipment manufacturing business include steel, scrap iron, alloy materials such as ferromolybdenum, pig iron and trace chromium, and molding materials such as resin, chromium ores, welding wires and other welding materials. Iron and steel account for a large proportion of our costs. The principal production facilities of our equipment manufacturing business include CNC lathes, CNC boring and milling machines, planers, bridge cranes, electric furnaces, plate curving machines, and CNC cutting machines. The suppliers that we have selected are primarily qualified production enterprises or authorised primary agents with large-scale operations, strong financial background, competent after-sale services and the ability to perform the contracts. Some of our raw materials suppliers are designated by our end customers.

We adopt a make-to-order production system for most of our sales in the equipment manufacturing business. We generally determine our production output based on our sales. We produce metallurgical equipment and steel structures mainly for the metallurgical industry and other construction industries. Since different customers often have different requirements of appearance, shape and performance indicators for the metallurgical equipment and steel structures, most of our products must be customised to our customers' needs. By carrying out production based on the purchase orders of our customers, we are able to plan our raw materials purchases in accordance with our production plan.

Customers, Sales and Marketing

We sell our equipment products in China as well as to international markets. The major domestic customers of our metallurgical equipment are medium- and large-scale iron and steel enterprises in China, including Baosteel, Tata Steel, Alliance Steel, FHS, Pangang, Shougang Group, Baogang Group, Wusteel, Magang, HBIS, Rizhao Steel and Jinchuan Group. We have also established long-term strategic cooperation relationships with some of these enterprises. Our equipment products are exported to various countries including Japan, Germany, the U.S., Belgium, Thailand, the Philippines, Malaysia, Korea and Vietnam.

We sell our equipment products in China primarily by way of direct sales. Nonetheless, we rely on both direct sales and agents for sales to the international markets. In addition, we emphasise the importance of after-sale services in order to maintain and enhance our brand image and cultivate customer loyalty.

Competition

Equipment manufacturing enterprises in China compete primarily in price, capital resources and technology, among other areas. We compete with major leading equipment manufacturing enterprises in China include China First Heavy Industries (Group) Co., Ltd., China National Erzhong Group Co., Taiyuan Heavy Machinery Group Co., Ltd., Baosteel Group Changzhou Metallurgical Machinery Plant and Shanghai Heavy Machinery Plant Co., Ltd. Each of China First Heavy Industries (Group) Co., Ltd., China National Erzhong Group Co. and Taiyuan Heavy Machinery Group Co., Ltd. is a large-scale domestic equipment manufacturer with a wide range of products and has significant advantages in the manufacture of large-scale metallurgical equipment. We also compete with medium-scale metallurgical equipment manufacturers such as Baosteel Group Changzhou Metallurgical Machinery Plant and Shanghai Heavy Machinery Plant Co., Ltd. We have significant technological advantage with respect to the manufacture of precision plate and strip rolling integrated equipment and plate and strip treatment integrated equipment with certain specifications in the domestic market.

Our foreign competitors primarily include multinational metallurgical equipment companies such as Siemens VAI, SMS Group and Danieli. These competitors have certain advantages over us in terms of technology, capital resources and management experience. Although we have established a presence in certain developing countries by leveraging our EPC business, good client relationships and competitive prices, as compared with these multinational companies, our metallurgical equipment products currently do not have any significant competitive advantage in the international markets.

With respect to steel structures, our major competitors in China include those enterprises that engage principally in the manufacture and installation of steel structures, such as Southeast Space Frame Co., Ltd. and Hangxiao Steel Structure Co., Ltd. We have significant advantages over our competitors in terms of business scale, product output, technical strength and market share.

TECHNOLOGY AND RESEARCH AND DEVELOPMENT

Technological System

We have developed a scientific research and development system that consists of our national-level technology centres, provincial-level technology centres and group-level technology centres as the principal organisations and our technology-focused subsidiaries as the foundation of our system. These technology centres conduct key research and development projects and our subsidiaries conduct other research and development projects designed for our specialised needs. We have also adopted a technology conversion mechanism that promotes results sharing and the commercialisation of technology.

We have 17 national science and technology innovative platforms and key laboratories, including National Iron and Steel Smelting Equipment System Integrated Engineering Technology Research Center, National Iron and Steel Production Energy Efficiency Optimisation Engineering Technology Research Center, National Key Laboratory of Environmental Protection for Iron and Steel Industry, National Industrial Building Diagnostic and Reconstruction Engineering Technology Research Center, National Steel Structure Engineering Technology Research Center, National Building Steel Quality Supervision and Inspection Center and National Sintering Pellet Equipment System Engineering Technology Research Center. In addition, China MCC 17 Group Co., Ltd., one of our subsidiaries, was recognised by the Ministry of Industry and Information Technology and the Ministry of Finance as the 2016 Model Enterprise of National Technological Innovation, being the first enterprise receiving such honour among the construction enterprises within the Group.

Investments in Technological Research

Research and development provides significant technological support for our production and operations. For the three years ended 31 December 2018, 2019 and 2020, our research and development expenditures amounted to RMB7.2 billion, RMB9.9 billion and RMB12.3 billion, respectively.

In 2020, we won 18 prizes at the Metallurgical Technology Award organised by China Iron and Steel Association, including three first prize and 6 second prize, ranking the leading place in both award level and number. We won 7 first prize and 6 second prize in China Nonferrous Metals Industry Science and Technology Award, 17 engineering construction science and technology awards of China Construction Enterprise Management Association, including 4 first prize and 13 second prize, as well as 6 awards in the category I, 5 awards in category II and 10 awards in category III in China Construction Engineering BIM Competition. These awards further enhanced our influence and power in the industry.

The table below sets out our key research and development projects:

<u>Project Name</u>	<u>Project Type</u>
Key preparation technologies relating to high performance fibre and composite materials.	National 863 Planning materials
Super corrosion-resistant iron-nickel special alloys production and in-depth processing.	National 863 Planning Project
Key technologies relating to the industrialisation of organic and inorganic nanocomposite materials based on special resources.	National 863 Planning Project

QUALITY CONTROL

We have implemented the GB/T19000 system standards in accordance with the quality supervision and management models consisting of government supervision, social oversight, internal enterprise controls and customer evaluations. We have established an internal quality assurance system in order to maintain an orderly and controlled process of quality management for our projects or products.

Based on the actual circumstances of our production operations, we have compiled the MCC Quality Management Manual. According to this manual, our headquarters have established a safety and quality supervision and management department to supervise, manage and examine the quality of our operations and direct and support our subsidiaries’ project or product quality supervision and management. Each of our subsidiaries at all levels has a specialised quality supervision and management structure and personnel dedicated to quality supervision and inspection.

In order to further strengthen our quality management and enhance our project and product quality, we periodically carry out quality improvement activities. We have established the Excellent Project Surveying Award Selection Manual, the Excellent Project Design Award Selection Manual and the Excellent Project Evaluation Manual, among other award systems, in accordance with which the quality management department of our headquarters regularly conducts internal project quality evaluations. The implementation of these award systems has contributed to our quality control efforts, effectively raising the overall quality of our engineering and construction projects.

In addition, we have established a reporting mechanism for major quality issues. Quality issues are treated in different categories, and different penalty measures are adopted correspondingly based on the degree of seriousness of the issues.

QUALIFICATIONS

As at 31 December 2020, we have over 700 qualifications and permits of construction enterprises, covering construction investigation, construction design, construction work, construction supervision, property development etc. The number of subsidiaries with special qualifications for general contracting reached 39, among which three subsidiaries held four special qualifications, five subsidiaries held three special qualifications, and five subsidiaries held integrated engineering design qualification of Grade A three of the subsidiaries have the construction surveying and engineering design qualification of

Grade A, and six of the subsidiaries have the integrated engineering supervision qualification of Grade A. In 2020, we have added one enterprise with four special qualifications and there are a total of three enterprises with four special qualifications

HEALTH AND SAFETY

We regard occupational health and safety as one of our important corporate and social responsibilities. Our business operations involve significant risks and hazards that could result in damage or destruction of property, death and personal injury, business interruption and possible legal liabilities.

We have implemented various policies to establish the management goals and operating procedures for work safety, accident handling, accident rescue and safety training. We have also established a work safety committee and an emergency accident response group.

All of our subsidiaries engaging in mining, construction and dangerous chemicals production and processing operations have obtained and maintained a work safety permit issued by the relevant PRC local authorities. With regard to our overseas operations, we are committed to strict compliance with applicable local laws on occupational health, safety and environmental protection.

ENVIRONMENTAL PROTECTION

We are subject to PRC national and local environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by PRC national, provincial and municipal government and authorities.

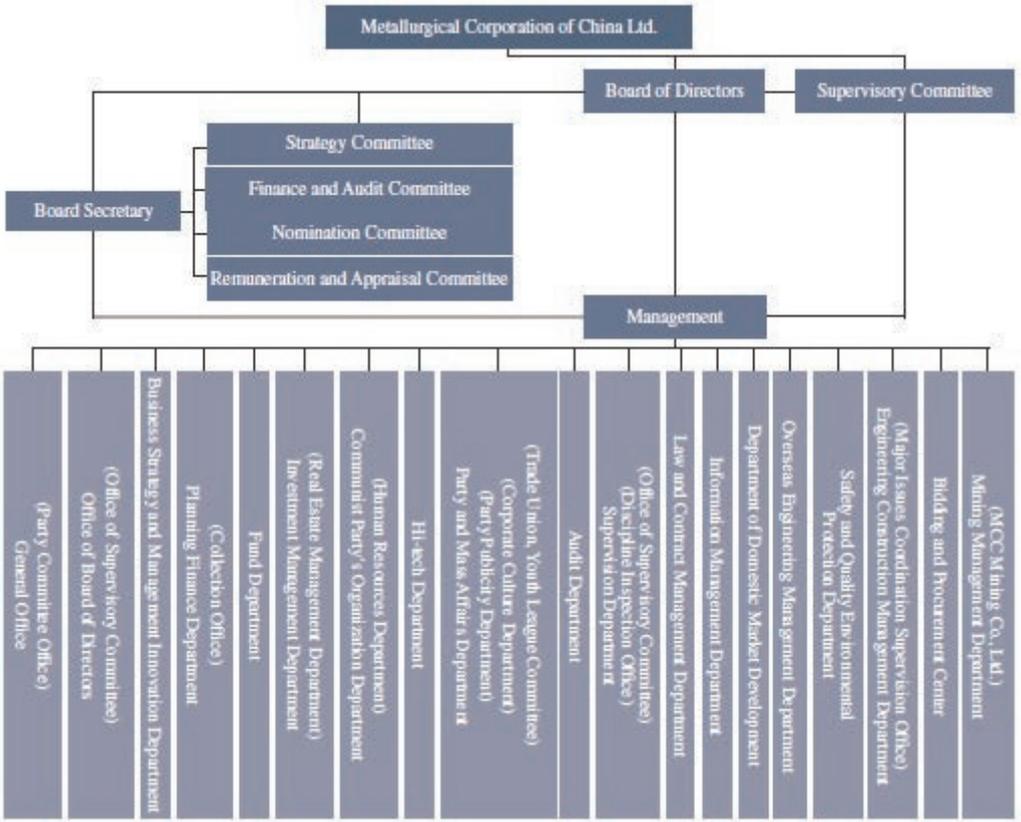
All of our principal subsidiaries engaging in engineering and construction operations have established ISO 9001, 14001 and 18001 compliant quality, environmental and occupational health general management systems and received the respective ISO certificates. Based on GB/T 24002-2004idt ISO 14001:2004 “The Requirements of Environment Management System and User’s Guide”, we have adopted stringent measures to control pollutant production in the manufacturing processes, has established a central environmental protection and control system and has installed pollution control and disposal equipment, thereby forming a comprehensive pollution control system that meets the national standards for waste discharge.

With regard to our overseas operations, we place great importance on compliance with applicable foreign laws and regulations. Such compliance directly affects our success in any particular overseas project and, therefore, is one of the many factors which we consider prior to our decision to undertake a project. If necessary, we engage local counsel to provide it with advice on such issues. With regard to our overseas resources development projects, we have obtained all the relevant approvals from local government authorities in connection with environmental protection issues.

We believe that our businesses are in compliance with currently applicable national, local and foreign environmental laws and regulations in all material aspects.

MANAGEMENT STRUCTURE

The following chart shows our management structure:



As a company listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange, we strictly operate our corporate governance structure to improve our board of directors operating mechanism and maintain efficient work performance. In addition, we strictly abide by the relevant provisions of the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and other regulatory agencies and make sure our disclosed information is true, accurate and complete.

Our directors and senior management are jointly responsible for managing our businesses across all the four principal business segments. They are responsible for the development and review of all of our principal businesses as well as the resource allocation, coordination and supervision of activities among the business segments.

INTERNAL CONTROLS

Under the supervision of the Supervisory Committee, our board of directors is responsible for monitoring our internal control system and for reviewing our effectiveness. The board of directors is the decision-making body of internal control and in charge of the establishment of our internal control system as well as implementation of the internal control mechanism. The Finance Risk Management Committee is a committee of the board of directors and responsible for reviewing and supervising the implementation and self-evaluation of our internal controls. The establishment of our internal control system is led by the Planning and Management Department. Our internal control function is led by our audit department at our headquarters. In accordance with applicable laws and regulations, we have stipulated internal procedures with a view toward establishing and maintaining our internal control systems, which cover corporate governance, operations, management, legal matters, finance and auditing as appropriate for the needs of our organisation.

In compliance with the Company Law and the relevant requirements of the SASAC, we continue to facilitate innovation of our corporate regime and management and reinforce the establishment of the internal control regime, thereby devising a more comprehensive internal control system mainly involving the management rules of state-owned assets, financial management rules, rules on investment decision-making, a loan decision-making mechanism, rules on internal auditing, management rules of decision-making, rules of safe production and other aspects.

In late 2011, we executed and implemented the complementary Guidelines for Enterprise Internal Control (企業內部控制配套指引) issued by the five government committees such as MOF and CSRC. These guidelines were implemented, in addition to the existing internal control system adopted by us, with a view to further enhancing the standard and system of internal control.

INTELLECTUAL PROPERTY

Through research and development and our ordinary course of business, we have obtained various intellectual property rights which are valuable to our business. We protect and will continue to seek to protect these intellectual property rights through copyrights, patents, trademarks and contractual rights.

As at 31 December 2020, we had approximately 33,000 valid patents. We continued to rank the fourth among state-owned enterprises and ranked the first among state-owned enterprises in the construction industry, in terms of the total number of authorised patents in China.

In 2020, we had won 28 National Quality Project Awards, and 7 Luban Awards. Since 2000, we have won 51 National Science & Technology Awards and published 50 international standards and 569 national standards. It has received the Luban Prize for Construction Projects for 114 projects in aggregate (including those participation), the National Quality Engineering Award for 230 projects (including participation), the Tien-yow Jeme Civil Engineering Prize for 19 projects (including participation), and 718 Metallurgy Industry Quality Engineering Excellent Achievement Awards.

INSURANCE

We purchase construction project all-risk insurance for most of the construction projects it undertakes. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. We maintain insurance coverage in amounts that we believe are consistent with our risk of loss and the customary practice in the industry. With regard to our resources development business, we generally purchase insurance for vehicles and accident insurance for employees, and in some cases purchases property insurance and insurance covering potential environmental damage claims. We also purchase pension insurance, medical insurance, unemployment insurance, workplace injury insurance and maternity insurance for our employees and personal injury insurance for our overseas and on-site workers pursuant to the relevant PRC laws and regulations.

Consistent with the customary practice in China, we do not carry any third-party liability insurance to cover claims in respect of personal injury or property or environmental damage arising from accidents on our property or relating to our operations, nor do we carry any business interruption insurance or key-man life insurance on our key employees. Such insurance is not mandatory according to the laws and regulations of the PRC.

LEGAL PROCEEDINGS AND COMPLIANCE

We are from time to time involved in legal proceedings arising in the ordinary course of our business, including as plaintiff or defendant in litigation or arbitration proceedings.

As at the date of this Offering Circular, there is no existing or threatened litigation or arbitration proceedings against us or any of our directors that could have a material adverse effect on our financial condition or results of operations.

EMPLOYEES

As at 31 December 2020, we had a total of 101,020 employees.

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which we operate, we make contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. The amount of our contributions is based on the specified percentages of our employee's aggregate salaries as required by relevant PRC authorities. We also make contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, we also provide voluntary benefits to our employees and retired employees. These benefits include supplemental medical insurance plans and supplemental pension plans that are not covered by mandatory insurance required by the PRC government, for both current and retired employees, and annual bonuses for our current employees.

Our employees are protected by labour unions. We have not experienced any strikes or other labour disturbances which have materially interfered with our operation.

DIRECTORS AND MANAGEMENT

DIRECTORS AND MANAGEMENT OF THE ISSUER

Ms. Zou Hongying and Mr. Zhu Bolin are the directors of the Issuer as at the date of this Offering Circular.

Ms. Zou Hongying (鄒宏英)

Born in September 1964, Chinese nationality with no right of abode overseas, Ms. Zou is currently the Director of the Issuer and our Vice President and Chief Accountant, and concurrently serves as chairman of MCC Finance Corporation Ltd., and legal representative of MCC CCB Investment Fund Management (Beijing) Company Limited (中冶建信投資基金管理(北京)有限公司). Ms. Zou once served as deputy chief and chief of the finance division, deputy chief accountant and chief accountant of the finance division, as well as deputy director of the planning and finance department of China MCC 22nd Construction Corporation. From October 2000 to November 2004, she successively served as deputy manager of the planning and finance department under the management department, deputy director (in charge of work) of the audit department, as well as director of the department of finance and asset management of MCC Group. From November 2004 to January 2009, she served as deputy chief accountant of MCC Group. Ms. Zou served as our Deputy Chief Accountant from January 2009 to May 2015. Meanwhile, she has been the chairman of MCC Finance Corporation Ltd. since March 2007. Since May 2015, she has been our Vice President and Chief Accountant. Ms. Zou graduated from East China Institute of Technology and subsequently obtained an MBA degree. She is a senior accountant.

Mr. Zhu Bolin (朱柏林)

Born in February 1970, Chinese nationality with no right of abode overseas, Mr. Zhu is currently the Director of the Issuer and concurrently serves as the chief accountant of China Metallurgical Jingcheng Engineering Technology Co., Ltd. (中冶京誠工程技術有限公司). Mr. Zhu served as the deputy director of the finance department and the deputy chief accountant of CMTCC Shanghai Shisanye Construction Co., Ltd. (中冶天工上海十三冶建設有限公司), a member of the Group, from July 1990 to July 2011. Mr. Zhu subsequently served as the deputy general manager of MCC Finance Corporation Ltd. from August 2011 to July 2015, and has been serving as the chief accountant of China Metallurgical Jingcheng Engineering Technology Co., Ltd. since July 2015. Mr. Zhu has been serving as the Director of the Issuer since its inception. Mr. Zhu graduated from Shanghai Institute of Railway Technology in 1990, majoring in financial accounting, and obtained an MBA degree from Harbin Institute of Technology in 2008. He is a senior accountant.

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

Our members of the Board of Directors, the Board of Supervisors and the Senior Management as at the date of this Offering Circular are as follows:

<u>Name</u>	<u>Position</u>
Directors	
Mr. Guo Wenqing	Chairman and Executive Director
Mr. Zhang Mengxing	Executive Director and president
Mr. Zhou Jichang	Independent Non-executive Director
Mr. Yu Hailong	Independent Non-executive Director
Mr. Ng, Kar Ling Johnny	Independent Non-executive Director
Mr. Yan Aizhong	Employee representative Director

Name	Position
Supervisors	
Mr. Yin Sisong	Chairman of the Supervisory Committee
Ms. Zhang Yandi	Supervisor
Mr. Chu Zhiqi	Employee Representative Supervisor

Name	Position
Senior Management	
Ms. Zou Hongying	Vice President and Chief Accountant
Mr. Qu Yang	Vice President
Mr. Zeng Jianzhong	Vice President
Mr. Liu Fuming	Vice President
Mr. Bai Xiaohu	Vice President
Mr. Zhu Guangxia	Vice President
Mr. Zeng Gang	Secretary to the Board

DIRECTORS

The biography of Ms. Zou Hongying is set out in the section entitled “Directors and Management of the Issuer” above.

Mr. Guo Wenqing (國文清)

Born in December 1964, Chinese nationality with no right of abode overseas, Mr. Guo is currently our Chairman of the Board (Executive Director and Legal Representative), and concurrently serves as a director, general manager and deputy secretary of the Communist Party Committee of China Minmetals Corporation, as well as the Chairman (legal representative) and secretary of the Communist Party Committee of MCC Group. Mr. Guo had served as deputy director, and director and secretary of the Communist Party Committee of the Hebei Province Highways Authority (河北省高速公路管理局), chairman of the board of directors and general manager of Hebei Province Highways Development Company Limited (河北省高速公路開發有限公司) and director of the Hebei Province Ports Authority (河北省港航管理局) since 1994. From 2002 to 2008, Mr. Guo served as secretary of the Communist Party Committee, executive director and deputy general manager of CRBC International Co., Ltd. (路橋集團國際建設股份有限公司). Mr. Guo served as deputy secretary of our Communist Party Committee and our Director from December 2008 to August 2012, during which he served as director and deputy secretary of the Communist Party Committee and secretary of Discipline Inspection Commission of MCC Group from April 2009 to July 2012. From July 2012 to August 2014, Mr. Guo served as vice chairman, general manager (legal representative) and deputy secretary of the Communist Party Committee of MCC Group. From August 2014 to April 2015, he served as Chairman (legal representative), general manager and deputy secretary of the Communist Party Committee of MCC Group. From April 2015, he served as Chairman (legal representative) and secretary of the Communist Party Committee of MCC Group. From May 2016, he served as Director, general manager and deputy secretary of the Communist Party Group of China Minmetals Corporation, during which he served as our vice chairman from August 2012 to September 2013. Meanwhile, he served as our secretary of the Communist Party Committee from August 2012 to October 2016, and our Chairman (Executive Director and Legal Representative) from September 2013. Mr. Guo graduated from Hebei University of Science and Technology with a bachelor’s degree in business administration, and obtained an executive MBA degree from Tsinghua University. Mr. Guo is a professional-level senior engineer and a senior political engineer. Mr. Guo has 35 years experience in relevant industries.

Mr. Zhang Mengxing (張孟星)

Born in August 1963, Chinese nationality with no right of abode overseas, currently serves as the executive Director, the president, vice secretary to the Party committee of the Company and concurrently, the vice secretary to the Party committee of MCC Group. Mr. Zhang served as the deputy

manager, the acting manager and the manager of the No. 2 Company and the deputy manager of the Tianjin Branch of China MCC 20th Construction Corporation (中國第二十冶金建設公司), successively. From February 1999 to October 2006, Mr. Zhang served as the deputy general manager of China MCC 20th Construction Corporation and the deputy manager and the manager of its Tianjin Branch. From October 2006 to October 2012, he served as a director and the general manager of China MCC 20th Construction Corporation (中國第二十冶建設有限公司)(subsequently renamed as China MCC 20 Group Co., Ltd.(中國第二十冶集團有限公司). From October 2012 to September 2014, he served as the chairman of the board of directors and the secretary to the Party committee of China MCC 20 Group Co., Ltd. From September 2014 to May 2015, he served as the chief economist of the Company and concurrently served as the chairman of the board of directors of MCC International Incorporation Ltd.(中冶國際工程集團有限公司). Mr. Zhang served as the vice president of the Company from May 2015 to October 2016 and the chairman of the board of directors of MCC International Incorporation Ltd. from May 2015 to October 2017. He has served as the president, vice secretary to the Party committee and concurrently, the vice secretary to the Party committee of MCC Group since October 2016 and the director of the company since October 2020. Mr. Zhang graduated from the Department of Architectural Engineering of Baotou Institute of Iron and Steel Technology (包頭鋼鐵學院) and obtained a bachelor's degree in engineering majoring in industrial and civil construction. Mr. Zhang is a professor-level senior engineer.

Mr. Zhou Jichang (周繼昌)

Born in December 1950, Chinese nationality with no right of abode overseas, currently serves as an Independent Non-executive Director the Company, an independent director of Freetech Road Recycling Technology (Holdings) Limited (英達公路再生科技(集團)有限公司), honorary president of China Highway Construction Association (中國公路建設業協會), and a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Zhou successively served as technician, engineer, deputy officer of the bridge design workshop, personnel director and deputy director of CCCC First Highway Survey & Design Institute (交通部第一公路勘察設計院) from January 1977 to May 1992. He served as vice chairman of the board of directors, deputy general manager, chairman of the board of directors and general manager of China Road and Bridge Construction Corporation (中國公路橋樑建設總公司) from May 1992 to November 1997. He served as chairman of the board of directors, president and secretary of the Communist Party Committee of China Road and Bridge Corporation (中國路橋(集團)總公司) from November 1997 to August 2005. He served as chairman of the board of directors, general manager and deputy secretary of the Communist Party Committee of China Communications Construction Group (Limited)(中國交通建設集團有限公司), and chairman of the board of directors and secretary of the Communist Party Committee of China Communications Construction Company Limited (中國交通建設股份有限公司) from August 2005 to April 2013. Mr. Zhou is a senior engineer with a master's degree.

Mr. Yu Hailong (余海龍)

Born in August 1950, Chinese nationality with no right of abode overseas, Mr. Yu currently serves as our Independent Non-executive Director, and an independent director of China State Construction Engineering Corporation (中國建築股份有限公司) and Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司). Mr. Yu served as deputy director of State Economic and Trade Commission Personnel Bureau (國家經委人事局) since February 1983, director of the office and project investigation department of China Kangfu International Leasing Co., Ltd. under the Ministry of Foreign Trade and Economic Cooperation (外經貿部中國康富國際租賃公司) since February 1988, and deputy director of the office (in charge of work) of National Machinery and Electric Qingfang Investment Co., Ltd. (國家機電輕紡投資公司) since June 1992. Mr. Yu served as director of the office and secretary of the Communist Party Committee of State Development & Investment Corporation (國家開發投資公司), and general manager of State Development & Investment (Electronics) Corporation (國投電子公司) and State Development & Investment (High Technology and Pioneering) Corporation (國投高科技創業公司) since March 1994. He served as general manager and deputy secretary of the Communist Party Committee of China New Era Group Corporation (中國新時代控股(集團)公司) since April 2002 and

general manager, member of the standing committee of the Communist Party Committee and director of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司) from May 2010 to September 2012. Mr. Yu is a professor-level senior engineer with a Master's degree in engineering management.

Mr. Ng Kar Ling Johnny (吳嘉寧)

Mr. Ng, born in December 1960, is a resident of the Hong Kong Special Administrative Region. He is currently an Independent Non-executive Director of the Company, independent director of China Petroleum & Chemical Corporation (中國石油化工股份有限公司), China Vanke Co., Ltd. (萬科企業股份有限公司) and Fangdd Network Group Ltd. (房多多網絡集團有限公司). He is concurrently a vice director member of the second session of the Independent Director Specialized Committee of China Association for Public Companies (中國上市公司協會). Mr. Ng obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1984 and 1999, respectively. Mr. Ng joined KPMG (Hong Kong) in 1984 and became a partner in 1996. He subsequently became the vice chairman of KPMG (China). He is currently a practising certified public accountant in Hong Kong, a practising auditor and certified public accountant in Macau, a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Association of Chartered Certified Accountants (FCCA), and a fellow member of the Institute of Chartered Accountants in England and Wales (FCA).

Mr. Yan Aizhong (閻愛中)

Mr. Yan Aizhong, born in June 1967, is of Chinese nationality with no right of abode overseas and is currently the employee representative Director, the deputy secretary of the Party Committee and the head of organization department of the Party Committee of the Company. He also serves as the employee representative director, the deputy secretary and the head of organization department of the Party Committee of China Metallurgical Group Corporation Limited. Mr. Yan successively served as the deputy secretary of the Party Committee and the secretary of the Discipline Committee of the Machinery and Electric Branch of Baotou Iron & Steel Group Construction Co., Ltd.*, the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the secretary of the Party Committee of the Machinery and Electric Branch of China Second Metallurgical Construction Corporation Limited* (subsequently renamed as China Second Metallurgical Group Corporation Limited* (“CSMGC”)), and an assistant to the general manager of CSMGC. He served as the deputy general manager, the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the chairman of the labour union of CSMGC from January 2010 to September 2012, the head of the Party Committee promotion department the Company from September 2012 to January 2013, the director of the general office of the Company from January 2013 to November 2014 (during which, he concurrently served as the director of the general office to the board of directors of the Company from May 2014 to November 2014), Currently, he serves as the head of Party Committee organization department (during the period from November 2014 to May 2016, he also served as the head of human resources department of the Company). He has been a Supervisor of MCC from August 2016 to March 2019, and has been an assistant to the president of MCC from May 2017 to April 2018. Mr. Yan has been the vice president of the Company from March 2019 to October 2019. He served as the deputy secretary of the Company since September 2019 and the deputy secretary of the Party Committee of MCC Group (during which he concurrently served as secretary of the Party Committee of MCC International Engineering Group Co., Ltd. since August 2020.). Mr. Yan graduated from the mechanical and electrical engineering department of Baotou Iron & Steel College, majoring in industrial electrical automation, with a bachelor's degree, and from Inner Mongolia Autonomous Region Committee Party School, majoring in economic management, with a postgraduate degree. He is a professor-level senior engineer.

SUPERVISORS

Mr. Yin Sisong (尹似松)

Born in March 1964, Chinese nationality with no right of abode overseas. He currently serves as the chairman of the Supervisory Committee of the Company and also serves as the chairman of the Supervisory Committee of MCC Group. Mr. Yin joined China MCC 17 Construction Co., Ltd. (hereinafter referred to as “MCC 17”) in August 1983. From September 1991, he served successively as secretary of the Youth League Committee and director of the Chemical Plant of the Eighth Company of MCC 17. From December 1996, he served successively as deputy manager of Mechanical and Electrical Installation Company and manager of Huafeng Company of MCC 17. From December 2002, he served successively as deputy secretary of the Party Committee, secretary of the Disciplinary Committee, chairman of the Labor Union and deputy general manager of MCC 17. From May 2010 to November 2014, he served successively as director of the Corporate Culture Department, director of the Party and Mass Work Department, director of the Human Resources Department and deputy director of the Organization Department of the Party Committee of MCC Group. From November 2014 to September 2016, he served as director of the General Office, director of the Office of the board of directors, director of the Work Department of the Supervisory Committee and director of the Office of the Party Committee of the Company and MCC Group. From September 2016 to April 2018, he served as director of the General Office of China Minmetals. From April 2018 to August 2020, he has served as director of the General Office (later renamed as Office), director of the Party Group Office, director of the Office of the board of directors and director of the Administrative Service Center of China Minmetals. Mr. Yin graduated from Chaohu Teachers College (巢湖師範專科學校), majoring in physics (diploma), and graduated from Anhui Institute of Business Administration (安徽工商管理學院), majoring in business administration (postgraduate). Mr. Yin is a senior political engineer and senior economist.

Ms. Zhang Yandi (張雁鎬)

Born in March 1979, Chinese nationality, with no right of abode overseas. She currently serves as a Supervisor, the deputy head of the capital department of the Company and concurrently as a supervisor of MCC Group. Ms. Zhang served successively as a staff member and the business manager of the planning and finance department of MCC Group. She served as the deputy head of the planning and finance division of the planning and finance department (head office) of MCC from June 2010 to October 2012, as the deputy head of the accounting information division and the accounting management division of the finance department of MCC from October 2012 to July 2014, as the head of the accounting management division of the planning and finance department (debt clearance office) of MCC from July 2014 to February 2017, and as the general manager of the financial accounting department of MCC Capital Engineering & Research Incorporation Limited (中冶京誠工程技術有限公司) from February 2017 to March 2018. She has been serving as the deputy head of the capital department of the Company since March 2018. Ms. Zhang graduated from the accounting department of the School of Economics and Management of North China University of Technology (北方工業大學) with a bachelor's degree in economics in 2000, and from the accounting department of the School of Economics and Management of Beijing Jiaotong University (北京交通大學) with a master's degree of management in 2004. She is a senior accountant and certified accountant (non practicing).

Mr. Chu Zhiqi (褚志奇)

Born in December 1970, Chinese nationality with no right of abode overseas, currently serves as an employee supervisor and the deputy director of the supervisory department of the Company, and concurrently serves as an employee supervisor and the deputy director of the supervisory department of MCC Group. Mr. Chu Zhiqi successively worked in Bureau of Materials in Dingzhou City, Hebei Province (河北省定州市物資局), CRBC International Co., Ltd. (路橋建設國際股份有限公司), CCCC Third Highway Engineering Co., Ltd. (中交三公局) and CCCC Fourth Highway Engineering Co., Ltd. (中交四公局). He joined MCC Inner Mongolia Construction & Investment Co., Ltd. (中冶內蒙古建設投資有限公司) and the Command of MCC Transportation Inner Mongolia Highway Project (中冶交通內蒙古高速公路項目指揮部) in July 2015. He served as the director of the finance department of

MCC Inner Mongolia Construction & Investment Co., Ltd. and the Command of MCC Transportation Inner Mongolia Highway Project from October 2015 to March 2016, the director of the audit and supervisory department of MCC Inner Mongolia Construction & Investment Co., Ltd. and the Command of MCC Transportation Inner Mongolia Highway Project from March 2016 to June 2016, the secretary of the Discipline Committee of MCC Inner Mongolia Construction & Investment Co., Ltd. and the secretary of the discipline inspection and working commission of the Command of MCC Transportation Inner Mongolia Highway Project from June 2016 to April 2018. He has been serving as the deputy director of the supervisory department of the Company, the deputy director of the supervisory department of MCC, and concurrently the deputy director of the supervisory department of MCC Group since April 2018. He has been an employee supervisor of MCC Group since August 2018 and an employee supervisor of the Company since March 2019. Mr. Chu graduated from Hebei Material School as a secondary student majoring in material finance accountant. He obtained a college diploma in economic management from Correspondence College of the Party School of Hebei Province (河北省委黨校函授學院), and an undergraduate degree in accounting from Jiangxi Economic Management Cadre Institute (江西省經濟幹部管理學院). He is an accountant.

SENIOR MANAGEMENT

Mr. Qu Yang (曲陽)

Born in May 1970, Chinese nationality with no right of abode overseas, Mr. Qu is currently our Vice President and member and of the Communist Party Committee of MCC Group, and currently serves as chairman of MCC Asset Management Co., Ltd. Mr. Qu Yang served as deputy director (section level) and the director (deputy director level) of the technology trade department of the Automation System Research and Design Institution (自動化系統研究設計所), person in charge of the server operation department, secretary of the Communist Party branch, director of the Smart Device Research Institute (智能裝備研究所) and deputy chief engineer of the Automation Research Institute (自動化研究院) of the Ministry of Metallurgy. He served as vice president (deputy general manager) of Beijing MCC Equipment Research & Design Corporation Ltd. (北京中冶設備研究設計總院有限公司) from December 2009 to January 2013, and secretary of the Communist Party Committee and vice president (deputy general manager) of Beijing MCC Equipment Research & Design Corporation Ltd. from January 2013 to November 2014. Mr. Qu Yang had been an assistant to our president and the chairman of MCC Asset Management Co., Ltd. since November 2014. He has been our Vice President and the chairman of MCC Asset Management Co., Ltd. since October 2016. Mr. Qu Yang graduated from the Department of Automated Control of Northeast University of Technology, majoring in industrial automation instrument, with a bachelor's degree in engineering, and the College of Information Science and Engineering of Northeastern University, majoring in control theory and control engineering, with a doctoral degree in engineering. He is a professor-level senior engineer.

Mr. Zeng Jianzhong (曾建忠)

Born in October 1965, Chinese nationality with no right of abode overseas, Mr. Zeng is currently the vice president of the Company. Mr. Zeng successively served as the deputy director and the director of the Gas Office and the director of the Gas Ventilation Office of Beijing Iron and Steel Design and Research Institute (北京鋼鐵設計研究總院) under the Ministry of Metallurgy, and the general manager of the Technical Institute of Energy and Environmental Engineering of Capital Engineering & Research Incorporation Limited (中冶京誠工程技術有限公司). He served as an assistant to the president of Capital Engineering & Research Incorporation Limited and concurrently served as the general manager of the Technical Institute of Energy and Environmental Engineering, the general manager of the engineering control department, the general manager of municipal and public facilities engineering department, and the general manager of the metallurgical engineering department. He served as the deputy head (at the ministry level) of the domestic engineering management department and the head of the construction project quota station of metallurgical industry of the Company from June 2013 to May 2017, the head of the domestic engineering management department (subsequently renamed as the domestic market development department) from June 2013 to May 2017. He served as an assistant to the

president of the Company from May 2017 to April 2018 and concurrently the head of the domestic market development department. He has been the vice president of the Company since April 2018. Mr. Zeng Jianzhong graduated from the chemical machinery department of Dalian Institute of Technology, majoring in chemical equipment and machinery, with a bachelor's degree. He is a professor-level senior engineer.

Mr. Liu Fuming (劉福明)

Born in November 1963, Chinese nationality with no right of abode overseas, Mr. Liu currently serves as the vice president of the Company. He also serves as the deputy general manager of MCC Group, the chairman of the board of directors, legal representative and secretary of the Communist Party Committee of MCC Real Estate. Mr. Liu served as technician, assistant engineer, deputy team leader, team leader of Anbei team, assistant to the manager, deputy manager, manager of the Pipeline and Railway Engineering Company of China MCC 22nd Construction Corporation (中國第二十二冶金建設公司), served as assistant to the general manager of China MCC 22nd Construction Corporation. From November 2004 to November 2006, he served as the deputy general manager of China MCC 22nd Construction Corporation. From November 2006 to October 2010, he served as deputy general manager of MCC Jingtang Construction Corporation Limited (中冶京唐建設有限公司)(later renamed as China 22MCC Group Co., Ltd. (中國二十二冶集團有限公司)). From October 2010 to April 2013, he successively served as director, general manager and deputy secretary of the Communist Party Committee of MCC Real Estate Co., Ltd. (中冶置業有限責任公司). He served as chairman of the board of directors, legal representative and secretary of the Communist Party Committee of MCC Real Estate since April 2013. From June 2015 to January 2019, he served as assistant to the president of the Company. He served as the vice president of the Company since January 2019. He has served as the deputy general manager of MCC Group since September 2019. Mr. Liu graduated from Shenyang Metallurgical Engineering Institute (瀋陽冶金機械專科學校) majoring in welding (associate degree), Jinan University majoring in computer science (bachelor's degree), and Northeastern University majoring in software engineering (postgraduate) and materials science (doctoral graduate). He is a professor-level senior engineer.

Mr. Bai Xiaohu (白小虎)

Born in January 1968, Chinese nationality with no right of abode overseas, is currently vice president of the Company. Mr. Bai successively served as deputy chief economist of the Operation Department, deputy director of the Marketing Department (deputy division level) in Shanghai Baoye Construction Co., Ltd.; deputy manager of the Guangzhou Higher Education Mega Center Project Department of Shanghai Baoye, manager at Shanghai Baoye's Guangzhou branch and manager of the Engineering Project Department of Guangzhou Higher Education Mega Center; general manager of Shanghai Baoye's south China branch, general manager of its Guangzhou branch, and secretary of its General Party Branch; Assistant to General Manager and head of the General Contracting Department at Shanghai Baoye; deputy general manager of Shanghai Baoye and general manager of the Henan branch of the Company. From October 2015 to October 2016, he served as chairman, general manager, deputy secretary of the Party Committee and secretary of the Party Committee in China Metallurgical Oriental Holdings Co., Ltd.*, and general manager of the Henan branch of the Company. From October 2016 to March 2017, he served as director, general manager and deputy secretary of the Party Committee of Shanghai Baoye and chairman, general manager, and secretary of the Party Committee in China Metallurgical Oriental Holdings Co., Ltd. and general manager of the Henan branch of the Company. From March 2017 to October 2020, He served as chairman of the board of directors and secretary of the Party Committee of Shanghai Baoye, and he has been serving as vice president of the Company since August 2020. Mr. Bai majored in industrial electrical automation at the Automation Control Department of Xi'an University of Architecture and Technology, from which he graduated with a bachelor's degree in engineering. Currently, he is a professor-level senior engineer and senior economist.

Mr. Zhu Guangxia (朱廣俠)

Born in July 1979, Chinese nationality with no right of abode overseas, is currently vice president of the Company. Mr. Zhu successively served as deputy head and head of the First Electrical Installation Engineering Division of China MCC17 Group Co., Ltd., assistant manager of the mechanical and electrical installation company, and manager at Project Management Department of Jiuquan Iron and Steel (Group) Co., Ltd., manager of the Gansu Branch of China MCC17 Group; deputy general manager of China MCC17 Group and general manager with the Gansu Branch of the Company; from July 2016 to November 2017, he served as director, general manager and deputy Party committee secretary of China Second Metallurgy Group Corporation Limited; from November 2017 to July 2019, he served as chairman, general manager, and deputy secretary of the Party Committee at Second Metallurgy and chairman and Party secretary of Second Metallurgy from July 2019 to July 2020; from January 2020 to August 2020, he served as assistant to the president of the Company; since August 2020, he has been serving as vice president of the Company. Mr. Zhu graduated from Xi'an University of Architecture and Technology, where he majored in engineering management. He is a senior engineer.

Mr. Zeng Gang (曾剛)

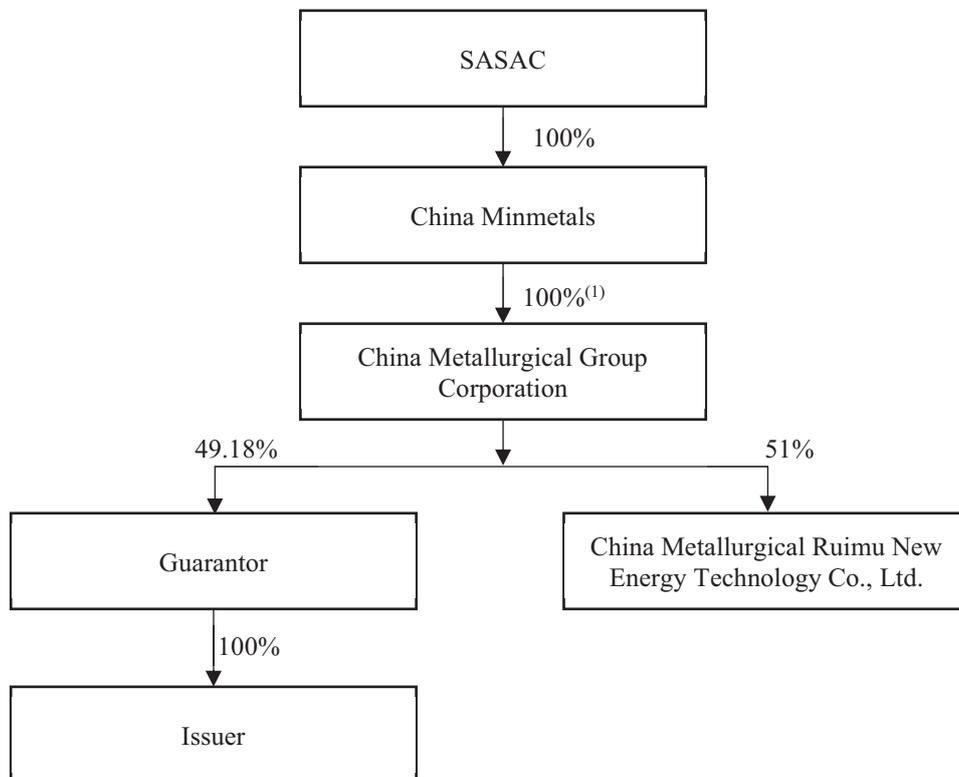
Born in October 1964, Chinese nationality, with no right of overseas abroad outside the PRC, Mr. Zeng currently serves as the secretary to the Board and the Joint Company Secretary of the Company and he also currently serves as director of the office, director of the office of party leading group, director of the board office, director of administrative service center, and Secretary of the board of MCC Group, and concurrently served as secretary to the Board of China Minmetals. Mr. Zeng served as engineer, deputy director and director of Personnel Department of Beijing Central Engineering Institute for Nonferrous Metallurgical Industries from 1985 to 2003; deputy secretary of the Communist Party Committee, secretary of Commission for Discipline Inspection and Vice President of China Nonferrous Engineering and Research Institute (now known as China Nonferrous Engineering and Research Institute Co., Ltd.) from December 2003 to November 2013; director of China ENFI from December 2005 to November 2013; director, deputy general manager, deputy secretary of the Communist Party Committee, secretary of Commission for Discipline Inspection, secretary to the board of directors, and chief legal counsel of MCC Capital Engineering & Research Incorporation Limited from November 2013 to September 2016. Mr. Zeng was appointed as director of the General Office (Party Committee Office) of the Company since September 2016 and assistant to President of the Company since April 2018. Mr. Zeng has been the secretary to the Board of the Company and Joint Company Secretary since March 2019. Mr. Zeng graduated from Department of Management Engineering of Central South Institute of Mining and Metallurgy, majoring in Management Engineering (undergraduate) and Graduate School of the Party School of the Central Committee of the CPC (postgraduate), majoring in Economic Management; and he is a senior engineer.

SHAREHOLDER OF THE GUARANTOR

On 8 December 2015, we received a notice from the MCC Group that, pursuant to an overall arrangement made by the Central Committee of the Communist Party of China and the State Council on the comprehensively deepening reform and the general requirements of the reform of state-owned enterprises, the SASAC of the State Council approved the Strategic Restructuring between the MCC Group and China Minmetals, whereby the entire MCC Group will be consolidated into China Minmetals, which is wholly owned by SASAC of the State Council. The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

As at the date of this Offering Circular, the shareholding percentage of China Metallurgical Group Corporation in the Guarantor is 49.18%. It remains unchanged that the MCC Group is our controlling shareholder and the SASAC of the State Council is our ultimate controller. The CSRC and the Securities and Futures Commission have exempted the obligation to make a mandatory general offer for our shares due to the Strategic Restructuring of China Minmetals.

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



Note:

- (1) The Strategic Restructuring was completed on 10 May 2019 and following the completion, the entire equity interests of the China Metallurgical Group Corporation are held by China Minmetals.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the provision by the Guarantor of the Guarantee of the Securities. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Guarantee of the Securities.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders. The People's Congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

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

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law.

After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

A party seeking to enforce a judgement or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. A foreign judgement or ruling may also be recognised and enforced by a court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's

examination in accordance with the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

PRC CURRENCY CONTROLS

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a Supervision List determined by the PBOC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (關於簡化跨境人民幣業務流程和完善有關政策的通知)(the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the *Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups* (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知)(the “**2015 PBOC Circular**”), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow.

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

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by PBOC, the Ministry of Commerce of the PRC (“**MOFCOM**”) and the State Administration of Foreign Exchange of the PRC (“**SAFE**”), foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the *Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises* (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015, allows foreign-invested enterprises to settle 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE’s equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the

aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further filings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “foreign debt”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “outbound loans”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “cross-border security”). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remain potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

Cross-border Security Regulations

On 12 May 2014, the SAFE promulgated the *Notice concerning the Foreign Exchange Administration Rules on Cross-Border Guarantee* (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) and the relating implementation guidelines (collectively the “**New Regulations**”). The New Regulations, which came into force on 1 June 2014, replace twelve other regulations regarding cross-border security and introduce a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration or filing for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, and any other SAFE administrative requirements; (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the New Regulations. The New Regulations classify cross-border security into three types:

- Nei Bao Wai Dai (內保外貸)(“**NBWD**”): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.
- Wai Bao Nei Dai (外保內貸)(“**WBND**”): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.

- Other Types of Cross-border Security (其他形式跨境擔保): any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall register (by submitting an application document package) the relevant security/guarantee with SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). The funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. Upon enforcement, the onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by an onshore entity in the PRC. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC laws.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities. The Guarantor's obligations in respect of the Securities are contained in the Deed of Guarantee.

The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under the New Regulations, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the Beijing Branch of SAFE for registration within 15 working days after its execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee.

Under the New Regulations, the Beijing Branch of SAFE will go through a procedural review (as opposed to a substantive approval process) of the Guarantor's application for registration. Upon completion of the review, the Beijing Branch of SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration. The Guarantor has been advised by its PRC legal advisors that there are no foreseeable obstacles to the completion of the registration so long as all relevant documents have been duly and timely submitted to SAFE.

Under the New Regulations:

- non-registration does not render the Guarantee of the Securities ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame of 15 working days; and
- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor upon enforcement under the Guarantee of the Securities) as domestic banks may require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

The Terms and Conditions of the Securities provide that the Guarantor will register, or cause to be registered, the Deed of Guarantee with SAFE in accordance with, and within the time period prescribed by, the New Regulations and use its best endeavours to complete the registration and obtain a registration record from SAFE on or before the Registration Deadline. If the Guarantor fails to complete the SAFE registration and deliver the registration records to the Trustee before the Registration Deadline, the holders of the Securities will have a put option to require the Issuer to redeem the Securities held by them at their principal amount together with accrued interest (see Condition 5(f) (Redemption for Breach of Covenant Event) of the Terms and Conditions of the Securities).

On 14 September 2015, the NDRC issued the NDRC Circular, which came into effect on the same date. According to the NDRC Circular, if a PRC enterprise or an overseas enterprise controlled by a PRC enterprise wishes to issue debt instruments outside of the PRC with a maturity of more than one year, such enterprise should apply for record-filing and registration to the NDRC in advance (the “**Pre-Issuance Registration Certificate**”). In addition, the enterprise must also provide information on the issuance of the debt to the NDRC within 10 working days following the end of each issue of debt instruments (the “**Post-Issuance Filing**”). The NDRC Circular is a recent regulation and its interpretation may involve significant uncertainty. In addition, the administration of the NDRC Circular may be subject to a certain degree of executive and policy discretion by the NDRC.

DIFFERENCE BETWEEN PRC GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Guarantor's Financial Statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter. Other than on reversal of impairment provisions taken on assets, PRC GAAP have substantively converged with International Financial Reporting Standards. Accordingly, there are no other significant differences between the principal accounting policies adopted by the Guarantor, and IFRS.

TAXATION

The following summary of certain Hong Kong, PRC and United Kingdom tax consequences of the purchase, ownership and disposition of the Securities 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 Securities 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 Securities or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. Persons considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

Hong Kong

Withholding tax

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

Profits tax

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

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

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

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

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

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

Stamp Duty

No Hong Kong stamp duty will be chargeable for the issue and transfer of the Securities for so long as the register of Holders is maintained outside Hong Kong or the Securities continue to be denominated in US dollars and cannot in any extent be redeemed in Hong Kong dollars.

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Securities by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes.

These beneficial owners are referred to as non-PRC Holders in this “PRC” section. In considering whether to invest in the Securities, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2018.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management organisation” are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the EIT Law and they shall pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside the PRC. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the Issuer’s “de facto management organisation” is within the territory of the PRC, it may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% for its income sourced from both within and outside the PRC. As at the date of this Offering Circular, the Issuer confirms that it has not received notice or has been informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations 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 actual connection to its establishment within the PRC, shall be required to pay an income tax at the rate of 10% on the income sourced inside the PRC. Such income tax shall be withheld by the PRC payer that is acting as the obligatory withholder and such PRC payer shall withhold the tax amount from each payment or payment due. Although as confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, it will be required to withhold income tax from the payments of Distribution in respect of the Securities for any non-PRC Holder. However, despite the potential withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Securities so that holders of the Securities would receive the full amount of the scheduled payment, as further set out in the “Terms and Conditions of the Securities”.

In addition, in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Securities, the Guarantor will be obliged to withhold PRC enterprise income tax at the rate up to 10% on the payments of Distribution made by it under the Guarantee of the Securities to non PRC resident enterprise Holders as such payments of Distribution will be regarded as being derived from sources within the PRC. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non PRC resident enterprise Holders. Repayment of the principal will not be subject to PRC withholding tax.

According to the double taxation arrangement between China and Hong Kong and relevant PRC tax regulations, residents of Hong Kong will not be subject to PRC tax on any capital gains from a sale or exchange of the Securities. Other non-PRC Holders will also not be subject to the PRC tax on any capital gains derived from a sale or exchange of Securities consummated outside the PRC between non-PRC Holders, except however, if the Issuer is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future, any gain realised by the non-PRC Holders from the transfer of the Securities may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10% of PRC withholding tax. No PRC stamp duty will be imposed on non-PRC Holders either upon issuance of the Securities or upon a subsequent transfer of Securities.

Value Added Tax

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

According to Circular 36, the entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the interpretation of “loans” under the Circular 36, the issuance of Securities may be treated as the holders of the Securities providing loans to the Issuer and the Guarantor, which thus shall be regarded as the provision of financial services that could be subject to VAT. Further, given that the Guarantor is located in the PRC or if the Issuer is treated as a PRC tax resident, the holders of the Securities could be regarded as providing financial services within PRC and consequently, the holders of the Securities shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Securities. In addition, the holders of the Securities shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.7 per cent.. Given that the Issuer or the Guarantor pays interest income to Holders who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Holders who are located outside of the PRC.

Where a holder of the Securities who is an entity or individual located outside of the PRC resells the Securities to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer or the Guarantor does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Securities is located within the PRC.

Circular 36 has been issued quite recently and the above disclosure 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 the Circular 36.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Issuer or the Guarantor may need to withhold EIT, (should such tax apply) from the payments of interest in respect of the Securities for any non-PRC-resident Holder and the Issuer or the Guarantor may need to withhold VAT (should such tax apply) from the payments of interest in respect of the Securities for any Holders located outside of the PRC. However, in the event that the Issuer or the Guarantor is required to make such a deduction or withholding (whether by way of EIT or VAT or otherwise), the Issuer and the Guarantor have agreed to pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

For more information, see “Terms and Conditions of the Securities – Condition 7 (Taxation)”.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Holders either upon issuance of the Securities or a subsequent transfer of Securities to the extent that the register of Holders is maintained outside the PRC and the issuance and sale of Securities is outside the PRC.

PROPOSED FINANCIAL TRANSACTIONS TAX (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities,

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 Securities, such withholding would not apply prior to January 2019 and Securities 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 (including by reason of a substitution of the Issuer). However, if additional Securities (as described under “*Terms and Conditions of the Securities – Further Issues*”) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Issuer and the Guarantor have entered into a subscription agreement with BOCI Asia Limited and DBS Bank Ltd. as joint global coordinators, joint bookrunners and joint lead managers, and Industrial Bank Co., Ltd. Hong Kong Branch, CMB International Capital Limited, China CITIC Bank International Limited, ICBC International Securities Limited and Guotai Junan Securities (Hong Kong) Limited as joint bookrunners and joint lead managers (the “**Managers**”) dated 12 April 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, which have severally agreed to subscribe for, or to procure subscribers to subscribe for, the Securities at an issue price of 100.0 per cent. of their principal amount (the “**Issue Price**”) in the amount set forth below. Any subsequent offering of the Securities to investors may be at a price different from such Issue Price:

	Principal amount of Securities
	(U.S.\$)
BOCI Asia Limited	225,000,000
DBS Bank Ltd.	225,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	10,000,000
CMB International Capital Limited	10,000,000
China CITIC Bank International Limited.	10,000,000
ICBC International Securities Limited	10,000,000
Guotai Junan Securities (Hong Kong) Limited	10,000,000
Total.	500,000,000

The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate the Subscription Agreement in certain circumstances at any time prior to the payment of the net proceeds of the issue of the Securities to the Issuer on the Issue Date.

OTHER RELATIONSHIPS

The Issuer has agreed with the Managers that it will pay a commission to the Managers in connection with the issue of the Securities, which commission shall be deducted from the issue price for the Securities.

The Issuer and the Guarantor have jointly and severally agreed with the Managers in the Subscription Agreement that from the date of the Subscription Agreement to (and including) the date falling 30 days after the Issue Date, none of the Issuer, the Guarantor nor any of their respective Subsidiaries shall make any announcements of, or any issue or offering of debt securities outside the PRC (other than the Securities) to the public or through a private placement in connection with which the Issuer, the Guarantor or any member of the Group is the borrower, debtor, provider of any credit-enhancement, issuer or guarantor, directly or on their behalf, unless the Issuer and the Guarantor have obtained the prior written consent of the Managers. The Issuer and the Guarantor have jointly and severally represented and warranted that, as at the date of the Subscription Agreement and during the 30-day period referred to above, it has not mandated and will not mandate any other party to arrange any issue or offering of debt securities outside the PRC (other than the Securities) in connection with which it is the borrower, debtor, issuer or guarantor or provider of any credit-enhancement.

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Managers against certain liabilities in connection with the offer and sale of the Securities.

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

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

No action has been or will be taken that would, or is intended to, permit a public offering of the Securities, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

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

GENERAL

Each Manager has represented, warranted and undertaken to the Issuer that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular or any related offering material.

UNITED STATES

Each Manager has acknowledged that the Securities 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 Manager has represented, warranted and undertaken to the Issuer that it has not offered or sold, and will not offer or sell, any Securities constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of such Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Securities.

Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

UNITED KINGDOM

Each Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Securities 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 Securities in, from or otherwise involving the United Kingdom.

Prohibition of sales to UK Retail Investors

Each Manager has represented, warranted and agreed that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Offering Circular to the public in the United Kingdom except that it may make an offer of such Securities to the public in the United Kingdom:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Securities which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”);
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression “**an offer of Securities to the public**” in relation to any Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

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 any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.
- (b) It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented, warranted and undertaken that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

HONG KONG

Each Manager has represented, warranted and undertaken that:

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

PRC

Each of the Managers has represented, warranted and undertaken that the Securities 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 laws or regulations of the PRC.

SINGAPORE

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Managers has represented, warranted and undertaken that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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

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

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

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

JAPAN

The Securities 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, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities 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, regulations and ministerial guidelines of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Securities are as follows:

Common Code: 232518251

ISIN: XS2325182512

The Legal Entity Identifier (LEI) code of the Issuer is 3003003MYAMH4UDT1B96.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities. The issue of the Securities was authorised by a resolution of the board of directors of the Issuer passed on 9 April 2021. The Guarantor has obtained all consents, approvals and authorisations in connection with the giving of the Guarantee of the Securities and the performance of its obligations under the Deed of Guarantee. The giving of the Guarantee of the Securities and the entry into the Deed of Guarantee was authorised by a resolution of a shareholder resolution of the Guarantor and a resolution of the board of directors of the Guarantor on 29 June 2020 and 3 February 2021, respectively, which is in compliance with the articles of association of the Guarantor.
3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2020, in the business, management, condition (financial or otherwise), business prospects or results of operations of the Issuer, the Guarantor or the Group.
4. **Litigation:** Neither the Issuer nor the Guarantor nor any members of the Group nor any of their respective directors, officers or any of their respective properties is involved in any police, legal or governmental or regulatory investigations, actions, suits or proceedings that are material in the context of the Securities nor is the Issuer or the Guarantor aware that any such proceedings are pending, contemplated or threatened.
5. **Available Documents:** Copies of the following documents may be inspected during normal business hours at the office of the Guarantor at No.28, Shuguang Xili, Chaoyang District, Beijing, PRC so long as any Security is outstanding:
 - a. the constitutional documents entitled “Memorandum and Articles of Association” of the Issuer and the Guarantor;
 - b. the Trust Deed;
 - c. the Agency Agreement;
 - d. the Deed of Guarantee; and
 - e. the Guarantor’s Financial Statements and the English Translated Guarantor’s Financial Statements.
6. **Financial Statements:** The consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018 and 2019 have been audited by Deloitte Touche Tohmatsu CPA LLP, who have noted the inclusion of their audit reports and consented to the inclusion of their name appearing in this Offering Circular. The consolidated financial statements of the Guarantor as at and for the year ended 31 December 2020 have been audited by WUYIGE Certified Public Accountants LLP, who have noted the inclusion of their audit report and consented to the inclusion of their name appearing in this Offering Circular.

The Guarantor's Financial Statements have only been prepared in Chinese. The Guarantor has prepared an English Translated Guarantor's Financial Statements which is included in the Offering Circular for reference only. The English Translated Guarantor's Financial Statements, which do not themselves constitute audited financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in the Guarantor's Financial Statements. None of the Managers or any of their respective officers, employees, affiliates, advisers or agents has independently verified or checked the accuracy of the English Translated Guarantor's Financial Statements and can give no assurance that the information contained in the English Translated Guarantor's Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Guarantor.

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 set forth in this Offering Circular is extracted from the English Translated Guarantor's Financial Statements. Such financial information is qualified in their entirety by, are subject to and should be read in conjunction with, the Guarantor's Financial Statements together with the auditor's report in respect of the consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 prepared in Chinese, as contained in the 2019 annual report and 2020 annual results of the Guarantor which can be found on the website of Hong Kong Exchanges and Clearing Limited (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501297.pdf>, <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0329/2021032901644.pdf>, respectively).

7. **Listing:** We have obtained an eligibility letter from the SEHK for the issuance and listing of the Securities by way of debt issues to Professional Investors only as described in this Offering Circular. The SEHK takes no responsibility for the correctness of any statements made on opinions or reports contained in this Offering Circular. Admission of the Securities to the official list of the SEHK is not to be taken as an indication of the merits of the Securities or us.

ISSUER

MCC Holding (Hong Kong) Corporation Limited

Rms 3202-3, 32/F, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

GUARANTOR

Metallurgical Corporation of China Ltd.

MCC Tower
28 Shuguang Xili
Chaoyang District
Beijing 100028
China

TRUSTEE

Citicorp International Limited

20/F, Citi Tower
One Bay East
83 Hoi Bun Road, Kwun Tong
Kowloon, Hong Kong

**PRINCIPAL PAYING AGENT, TRANSFER AGENT,
CALCULATION AGENT AND REGISTRAR**

Citibank, N.A., London Branch

c/o Citibank, N.A., Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

LEGAL ADVISERS TO THE ISSUER

As to Hong Kong law and English law

Latham & Watkins LLP

18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

As to PRC law

King & Wood Mallesons

18th Floor, East Tower
World Financial Center, No. 1
Dongsanhuan Zhonglu, Chaoyang District
Beijing, PRC

LEGAL ADVISERS TO THE MANAGERS

As to English law

Clifford Chance

27th Floor, Jardine House
One Connaught Place
Hong Kong

As to PRC law

Jiayuan Law Offices

F407 Ocean Plaza
158 Fuxing Men Nei Avenue
Xicheng District
Beijing 100031
China

LEGAL ADVISER TO THE TRUSTEE

As to English law

Allen & Overy

50 Collyer Quay
09-01 OUE Bayfront
Singapore
049321

AUDITORS OF THE GUARANTOR

Deloitte Touche Tohmatsu CPA LLP

30/F, Bund Center 222, Yan An Road East
Shanghai, 200002
China

WUYIGE Certified Public Accountants LLP

5F, Xueyuan International Tower
No. 1 Zhichun Road
Haidian District
Beijing, PRC

