

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement does not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Issuer does not intend to make any public offering of securities in the United States.

Notice to Hong Kong investors: The Issuer and the Parent Guarantor (each as defined below) confirm that the New Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) (the “**Professional Investors**”) only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Parent Guarantor confirm that the New Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO U.S. PERSONS OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OR IN OR INTO ANY JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.

HAIMEN ZHONGNAN INVESTMENT DEVELOPMENT (INTERNATIONAL) CO., LTD.
(incorporated with limited liability in the British Virgin Islands)

**ISSUANCE OF US\$59,750,000 11.50% GUARANTEED SENIOR NOTES DUE 2024
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY**



JIANGSU ZHONGNAN CONSTRUCTION GROUP CO., LTD.
(江蘇中南建設集團股份有限公司)

(incorporated with limited liability in the People’s Republic of China and
listed on the Shenzhen Stock Exchange under stock code 000961)

Reference is made to the announcements by Haimen Zhongnan Investment Development (International) Co., Ltd. (the “**Issuer**”) dated March 22, 2021 and March 29, 2021 (the “**Announcements**”) relating to the Exchange Offer in respect of its outstanding US\$500,000,000 10.875% guaranteed senior notes due 2022 (the “**2022 Notes**”) and the Concurrent New Money Issuance.

Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

The Issuer and Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司) (the “**Parent Guarantor**”) are pleased to announce that on March 29, 2021, the Issuer and the Parent Guarantor entered into a purchase agreement (the “**Purchase Agreement**”) with Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Barclays Bank PLC, Haitong International Securities Company Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Orient Securities (Hong Kong) Limited, Central Wealth Securities Investment Limited, Admiralty Harbour Capital Limited, CMB International Capital Limited and Tianda Securities Limited (collectively, the “**Initial Purchasers**”) in respect of the offer and sale of the additional New Notes (the “**Additional New Notes**”) under the Concurrent New Money Issuance. The Issuer and the Parent Guarantor intend to use the net cash proceeds from the Concurrent New Money Issuance for the refinancing of the existing offshore indebtedness of the Parent Guarantor and its subsidiaries (the “**Group**”).

Subject to completion of the Exchange Offer and the Concurrent New Money Issuance, the Issuer will issue US\$59,750,000 in principal amount of the Additional New Notes pursuant to the Concurrent New Money Issuance

and US\$190,250,000 in principal amount of the New Notes pursuant to the Exchange Offer. Upon issuance, any Additional New Notes sold in the Concurrent New Money Issuance will be on the same terms and form a single series with the corresponding New Notes issued under the Exchange Offer. Upon consolidation, the aggregate principal amount of the New Notes will be US\$250,000,000.

Application will be made to The Stock Exchange of Hong Kong Limited (“**HKSE**”) for the listing of, and permission to deal in, the New Notes by way of debt issues to Professional Investors (as defined in Chapter 37 of the Listing Rules) only. Listing of the New Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the New Notes, the Issuer or the Parent Guarantor.

THE EXCHANGE OFFER FOR THE 2022 NOTES

The Exchange Offer expired at 4:00 p.m., London time, on March 26, 2021.

With respect to the 2022 Notes submitted for exchange, subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, Eligible Holders of the 2022 Notes validly accepted and exchanged pursuant to the Exchange Offer will receive the Exchange Consideration on the Settlement Date. Subject to completion of the Exchange Offer, the Issuer expects to issue US\$190,250,000 in principal amount of the New Notes pursuant to the Exchange Offer.

THE PURCHASE AGREEMENT IN RELATION TO THE CONCURRENT NEW MONEY ISSUANCE

Date: March 29, 2021

Parties to the Purchase Agreement

- (a) the Issuer;
- (b) the Parent Guarantor; and
- (c) the Initial Purchasers.

Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Barclays Bank PLC, Haitong International Securities Company Limited and BOCOM International Securities Limited are the joint global coordinators, joint lead managers and joint bookrunners, and CMBC Securities Company Limited, Orient Securities (Hong Kong) Limited, Central Wealth Securities Investment Limited, Admiralty Harbour Capital Limited, CMB International Capital Limited and Tianda Securities Limited are the joint lead managers and joint bookrunners in respect of the offer and sale of the Additional New Notes under the Concurrent New Money Issuance.

Offering Price

The offering price of the Additional New Notes under the Concurrent New Money Issuance is 100.124% of the principal amount.

PRINCIPAL TERMS OF THE NEW NOTES

The following is a summary of certain provisions of the New Notes and the indenture governing the New Notes (the “**Indenture**”). This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the New Notes, the guarantee by the Parent Guarantor (the “**Parent Guarantee**”).

Amount and Tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance, the Issuer will issue the New Notes with an aggregate principal amount of US\$250,000,000, consisting of US\$190,250,000 principal amount of the New Notes to be issued pursuant to the Exchange Offer and US\$59,750,000 principal amount of the Additional New Notes to be issued pursuant to the Concurrent New Money Issuance. The New Notes will mature on April 7, 2024, unless the Settlement Date is amended or the New Notes are earlier redeemed pursuant to the terms thereof and the Indenture.

Interest

The New Notes will bear interest at 11.50% per annum, payable semi-annually in arrears on April 7 and October 7 of each year, commencing on October 7, 2021.

Ranking of the New Notes

The New Notes are (i) general obligations of the Issuer; (ii) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the New Notes; (iii) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (iv) guaranteed by the Parent Guarantor on a senior basis, subject to certain limitations; (v) effectively subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and (vi) effectively subordinated to all existing and future obligations of the Parent Guarantor's subsidiaries (other than the Issuer).

Covenants

The New Notes and the Indenture will limit the ability of the Issuer, the Parent Guarantor or the Parent Guarantor's restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness of restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

Events of Default

The events of default under the New Notes will include:

- (1) default in the payment of principal of (or premium, if any, on) the New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or additional amounts on any New Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) (a) default in the performance or breach of the provisions of the covenants described in the Indenture or (b) the failure by the Issuer or the Parent Guarantor to make or consummate an offer to purchase in the manner described described in the Indenture;
- (4) the Parent Guarantor or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the New Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the holders of 25.0% or more in aggregate principal amount of the New Notes then outstanding;

- (5) there occurs with respect to any indebtedness of the Parent Guarantor or any restricted subsidiary having an outstanding principal amount of US\$20 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) the failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any of its restricted subsidiaries and are not paid or discharged within the time frame specified in such final judgment or order, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$15 million (or the dollar equivalent thereof) (in excess of amounts which the Parent Guarantor's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Parent Guarantor or any significant restricted subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any significant restricted subsidiary or for any substantial part of the property and assets of the Parent Guarantor or any significant restricted subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any significant restricted subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Parent Guarantor or any significant restricted subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any significant restricted subsidiary or for all or substantially all of the property and assets of the Parent Guarantor or any significant restricted subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) the Parent Guarantor denies or disaffirms its obligations under the Parent Guarantee, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the holders of at least 25.0% in aggregate principal amount of the New Notes then outstanding, by written notice to the Issuer and the Parent Guarantor and to the Trustee (as defined in the Indenture), may, and the Trustee at the request of such holders shall (subject to being indemnified and/or secured and/or prefunded and/or pre-funding to its satisfaction), declare the principal of, premium, if any, and any accrued and unpaid interest on the New Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and any accrued and unpaid interest shall be immediately due and payable. If an event of default specified in clause (7) or (8) above occurs with respect to the Parent Guarantor or any restricted subsidiary, the principal of, premium, if any, and any accrued and unpaid interest on the New Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

Optional Redemption for the New Notes

The New Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after April 7, 2023, the Issuer may at its option redeem the New Notes, in whole or in part, at a redemption price equal to 102% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to April 7, 2023, the Issuer may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) At any time and from time to time prior to April 7, 2023, the Issuer may redeem up to 35% of the aggregate principal amount of the New Notes with the net cash proceeds of one or more sales of the common stock of the Parent Guarantor in an equity offering at a redemption price of 111.50% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least

65% of the aggregate principal amount of the New Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Repurchase of New Notes at the Option of the Holders

Holder of the New Notes has the right, at their option, to require the Issuer or the Parent Guarantor to repurchase for cash all of their New Notes, or any portion of the principal thereof that is equal to US\$200,000 and an integral multiple of US\$1,000 in excess thereof, on April 7, 2023 (the “**Put Date**”) at the repurchase price equal to 102% of the principal amount of the New Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the Put Date; provided that any such accrued and unpaid interest will be paid on the Put Date to the holder of record at the close of business on the immediately preceding record date.

The terms of the New Notes will be described in more detail in the final offering memorandum (the “**Final Offering Memorandum**”) to be issued by the Issuer and the Parent Guarantor.

PROPOSED USE OF PROCEEDS

The Issuer and the Parent Guarantor intend to use the net cash proceeds from the Concurrent New Money Issuance for the refinancing of the existing offshore indebtedness of the Group. The Issuer and the Parent Guarantor may adjust the foregoing plan in response to changing market conditions and therefore reallocate the use of the proceeds.

LISTING AND RATING OF THE NEW NOTES

Application will be made to HKSE for the listing of, and permission to deal in, the New Notes by way of debt issues to Professional Investors (as defined in Chapter 37 of the Listing Rules) only. Listing of the New Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the New Notes, the Issuer or the Parent Guarantor.

The New Notes are expected to be rated “B2” by Moody’s Investors Service, Inc. (“**Moody’s**”) and “B” by S&P Global Ratings (“**S&P**”). These ratings do not constitute a recommendation to buy, sell or hold the New Notes and are subject to suspension, reduction or withdrawal at any time by Moody’s and S&P.

GENERAL

This announcement, the Announcements, the Exchange Offer Memorandum and the Final Offering Memorandum do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities in any circumstances in which such offer or solicitation is unlawful.

Copies of any documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons.

The New Notes and the Parent Guarantee have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction. The New Notes and the Parent Guarantee may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Notes and the Parent Guarantee may be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act. None of the New Notes will be offered to the public in Hong Kong.

Prohibition of Sales to European Economic Area (“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 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 (“**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.

Prohibition of Sales to 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 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

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

No assurance can be given that any of the Exchange Offer or the Concurrent New Money Issuance will be completed and the Issuer and the Parent Guarantor reserve the right, in their sole and absolute discretion, to extend, withdraw or terminate the Exchange Offer or the Concurrent New Money Issuance and amend, modify or waive any of the terms and conditions of the Exchange Offer or the Concurrent New Money Issuance in whole or in part, at any time before the Settlement Date. As the Exchange Offer or the Concurrent New Money Issuance may or may not proceed to settlement, holders of the 2022 Notes and potential investors in any securities of the Issuer and the Parent Guarantor should exercise caution when dealing in the securities of the Issuer and the Parent Guarantor or the 2022 Notes.

Hong Kong, March 30, 2021

As at the date of this announcement, the sole director of Haimen Zhongnan Investment Development (International) Co., Ltd. is Mr. Xin Qi and the directors of Jiangsu Zhongnan Construction Group Co., Ltd. are Mr. Chen Jinshi, Ms. Chen Yuhan, Mr. Xin Qi, Mr. Bai Lizhong, Mr. Hu Hongwei, Mr. Tang Xiaodong and Mr. Yao Ke as directors and Mr. Huang Feng, Mr. Cao Yitang, Mr. Hua Zhiwei and Mr. Shi Jun as independent directors.