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***Notice to Hong Kong investors:*** *The Issuer (as defined below) confirms that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) only and the Firm Bonds (as defined below) have been, and the Option Bonds (as defined below) will be, listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*



**北京能源國際控股有限公司**  
**Beijing Energy International Holding Co., Ltd.**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

**US\$50,000,000 3.8 per cent. Convertible Bonds due 2024**  
**convertible into ordinary shares of the Issuer**  
**with an upsize option of US\$50,000,000**  
**(Stock Code: 40741)**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

Please refer to the offering memorandum dated 24 June 2021 (the “**Offering Memorandum**”) appended hereto in relation to the US\$50,000,000 in aggregate principal amount of 3.8% Convertible Bonds due 2024 (the “**Firm Bonds**”) with an upsize option of US\$50,000,000 (the “**Option Bonds**”, together with the Firm Bonds, the “**Bonds**”). As disclosed in the Offering Memorandum, the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and the Firm Bonds have been, and the Option Bonds will be, listed on the Hong Kong Stock Exchange on that basis.

The Offering Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

For and on behalf of  
**Beijing Energy International Holding Co., Ltd.**  
**Zhang Ping**  
*Chairman of the Board*

Hong Kong, 30 June 2021

*As at the date of this announcement, the executive directors of the Issuer are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Issuer are Mr. Sui Xiaofeng, Mr. Zhao Bing and Mr. Li Hao; and the independent non-executive directors of the Issuer are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.*

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE U.S. AND (TO THE EXTENT IN HONG KONG) PROFESSIONAL INVESTORS FOR THE PURPOSES OF THE SECURITIES AND FUTURES ORDINANCE (CAP 571 OF THE LAWS OF HONG KONG)**

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**THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. 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 U.S. 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 HEREIN.**

This offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.

The Bonds 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, 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 Bonds or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Bonds 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 Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**CONFIRMATION AND YOUR REPRESENTATION: IN ORDER TO BE ELIGIBLE TO VIEW THE ATTACHED DOCUMENT, YOU MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THE ATTACHED DOCUMENT ON THE BASIS THAT YOU HAVE CONFIRMED TO KGI ASIA LIMITED (THE “SOLE LEAD MANAGER”) THAT YOU (I) ARE A NON-U.S. PERSON OUTSIDE THE UNITED STATES AND, TO THE EXTENT YOU PURCHASE THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION, AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT (“REGULATIONS”), IN COMPLIANCE WITH REGULATION S; AND (II) CONSENT TO DELIVERY BY ELECTRONIC TRANSMISSION.**

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or such affiliate on our behalf in such jurisdiction. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Sole Lead Manager, or any person who controls it or any of its director, officer, employee or agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Sole Lead Manager.

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# 北京能源國際控股有限公司

## Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

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### US\$50,000,000 3.8% Convertible Bonds due 2024 with an upside option of US\$50,000,000 Issue Price: 100%

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We, Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司) (formerly known as Panda Green Energy Group Limited) propose to issue US\$50,000,000 3.8% Convertible Bonds due 2024 (the “**Firm Bonds**”). In addition, we have granted to the Sole Lead Manager (as defined in this offering memorandum) an option (the “**Increase Option**”) to pay for, or procure subscribers to pay for, up to an additional US\$50,000,000 in aggregate principal amount of 3.8 per cent. convertible bonds due 2024 (the “**Option Bonds**”), and together with the Firm Bonds and further bonds (the “**Further Bonds**”) issued in accordance with Condition 18 of the “*Terms and Conditions of the Bonds*”, and consolidated and forming a single series therewith, the “**Bonds**”). The Increase Option shall be exercisable on one occasion at any time from 22 June 2021 and prior to 5.00pm (Hong Kong time) on the date falling 90 days after the Original Issue Date, provided that the Increase Option may only be exercised if the Conversion Price (as defined in the “*Terms and Conditions of the Bonds*”) as adjusted pursuant to the Terms and Conditions of the Bonds (if applicable) is higher than the benchmarked price (as defined in rule 13.36(5) of the listing rules of the Hong Kong Stock Exchange) of the Shares (as defined in this offering memorandum) on the date on which the Increase Option is exercised. The Bonds are expected to bear interest from or about the Original Issue Date (as defined in this offering memorandum), at 3.8% per annum payable semi-annually in arrears on or about 29 June 2021 and 29 December 2021 of each year, beginning 29 December 2021. The Bonds are expected to mature on 29 June 2024. The Bonds are our senior obligations.

If at least 90% in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds and any Option Bonds issued before the redemption notice is given) has already been converted, redeemed, or purchased and cancelled, we may redeem the outstanding Bonds at their Early Redemption Amount (as defined in “*Terms and Conditions of the Bonds*”) as such time together with interest accrued but unpaid to the date of redemption. Upon the occurrence of a Relevant Event (as defined in the “*Terms and Conditions of the Bonds*”), the holder of each Bond will have the right as such holder’s option, to require us to redeem all, or some only, of such holder’s Bonds on the Relevant Event Put Date (as defined in the “*Terms and Conditions of the Bonds*”) at its Early Redemption Amount at such time together with interest accrued but unpaid to such date (if any).

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

Each Bond will, at the option of the holder, be convertible (unless previously redeemed or purchased and cancelled) at any time on or after the day falling 41 days after the Original Issue Date (as defined below) to the close of business (at the place where the Global Certificate (as defined below) evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (as defined in “*Terms and Conditions of the Bonds*”) (both days inclusive) (but, except as provided in the Terms and Conditions, in no event thereafter) or, if such Bond shall have been called for redemption before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than ten days (at the place aforesaid) prior to the date fixed for redemption thereof into our fully paid ordinary shares (the “**Shares**”) at an initial conversion price of HK\$0.33 per Share (the “**Initial Conversion Price**”) with a fixed exchange rate of US\$1.00 to HK\$7.7653. The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds – Conversion*”.

For a more detailed description of the Bonds, see the section entitled “*Terms and Conditions of the Bonds*”.

Investing in the Bonds and the Shares involves certain risks. Investors should be aware that there are risks relating to the exercise of Conversion Rights of the Bonds, and there are various other risks relating to the Bonds, the Issuer, its business and its jurisdiction of operations which investors should familiarise themselves with before making an investment in the Bonds. See “*Risk Factors*” beginning on page 16.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for (i) the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Professional Investors**”) only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion of the Bonds, and such permissions are expected to become effective on 30 June 2021 and when such Shares are issued, respectively. This document is for distribution to Professional Investors only.

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

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

This offering memorandum 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 us. We accept full responsibility for the accuracy of the information contained in this offering memorandum and confirms, having made all reasonable enquiries that, to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Bonds and the Conversion Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**U.S. 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 U.S. Securities Act. The Bonds are being offered and sold by the Sole Lead Manager only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act (“**Regulation S**”). For a description of certain restrictions on resale or transfer, see the section entitled “*Transfer Restrictions*”.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (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) (the “**NDRC Notice**”) promulgated by National Development and Reform Commission (the “**NDRC**”) of the PRC on 14 September 2015 which came into effect on the same day, we have registered the proposed issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated 16 September 2020 evidencing such registration and we will cause relevant information relating to the issue of the Bonds to be reported to the NDRC within ten PRC Business Days (as defined in the “*Terms and Conditions of the Bonds*”) after the (in the case of the Firm Bonds) the Original Issue Date or (in the case of the Option Bonds) the date on which the Option Bonds are issued.

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Original Issue Date, with a common depositary 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 in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

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**Sole Lead Manager**  
**KGI Asia Limited**

The date of this offering memorandum is 24 June 2021

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This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

This offering memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129. The communication of the attached document and any other documents or materials relating to the issue of the Bonds is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or within Articles 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Bonds are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The Bonds 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 (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 Bonds or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Bonds 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 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 Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us, our subsidiaries and affiliates referred to in this offering memorandum and the Bonds and the Conversion Shares that is material in the context of the issue and offering of the Bonds; (ii) the statements contained in this offering memorandum relating to us and our subsidiaries

and our affiliates are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us and our subsidiaries and affiliates are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us, our subsidiaries and affiliates, the Bonds and the Conversion Shares, the omission of which would, in the context of the issue and offering of the Bonds, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Bonds. You should read this offering memorandum before making a decision whether to purchase the Bonds. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

Notwithstanding anything to the contrary contained herein, a prospective investor (and each employee, representative, or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering memorandum and all materials of any kind that are provided to the prospective investor relating to such tax treatment and tax structure. This authorisation of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Bonds. By purchasing the Bonds, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled “*Transfer Restrictions*” below.

No representation or warranty, express or implied, is made or given by KGI Asia Limited (the “**Sole Lead Manager**”), The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”), The Hongkong and Shanghai Banking Corporation Limited (the “**Paying Agent**,” the “**Transfer Agent**” and the “**Registrar**,” and collectively, the “**Agents**”) or any of their respective affiliates or advisers as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation or warranty, whether as to the past or the future. None of the Sole Lead Manager, the Trustee or the Agents has independently verified any of the information contained in this offering memorandum or can give any assurance that this information is accurate, truthful or complete.

Each person receiving this offering memorandum is deemed to acknowledge and agree that such person (i) has not relied on the Sole Lead Manager, the Trustee or the Agents or any other person affiliated with the Sole Lead Manager, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision; (ii) has such knowledge, sophistication and experience in financial, business and international investment matters and is capable of evaluating the merits and risks of its investment in the Bonds, and is experienced in investing in securities of companies in a similar stage of development and in similar jurisdictions, and is aware that it is required to bear, and is able to bear, the legal and economic risk of an investment in the Bonds; (iii) has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection with the Bonds, the Shares, the Issuer and the Group to the extent it has deemed necessary and has made its own assessment and have satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Bonds and has made its own investment decisions based on its own judgment, due diligence and advice from such advisers as it has deemed necessary and not upon any view expressed by or on behalf of the Sole Lead Manager; and (iv) waives any claims against the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls



any of them and agrees not to pursue, commence, initiate, or knowingly encourage or permit another person to pursue, commence or initiate, any action, suit, claim or other legal, equitable or arbitration proceeding of any nature, directly or indirectly, against the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. Any person who does not agree with the foregoing should not invest in the Bonds.

You should carefully consider all the information in this offering memorandum including, in particular, the “Risk Factors” section in this offering memorandum before you make any investment decision.

The Bonds and the Conversion Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

We are not, and the Sole Lead Manager or any other person is not, making an offer to sell the Bonds, including the Conversion Shares, in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the securities, including the Bonds and the Conversion Shares, may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Sole Lead Manager to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the Bonds and the Conversion Shares, and distribution of this offering memorandum, see the sections entitled “*Transfer Restrictions*” and “*Subscription And Sale*” below.

This offering memorandum summarises certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Bonds by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own professional advisers for legal, business, tax and other advice regarding an investment in the Bonds.

We reserve the right to withdraw the offering of Bonds at any time, and the Sole Lead Manager reserves the right to reject any commitment to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. The Sole Lead Manager and certain related entities may acquire for their own account a portion of the Bonds.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) – we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

The Bonds and the Conversion Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account of, a U.S. person (as defined in the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered and sold by the Sole Lead Manager (as defined in this offering memorandum) only outside the United States to non-U.S. persons (as defined in the U.S. Securities Act) in offshore transactions in reliance on Regulation S. For a description of certain restrictions on resale or transfer, see the section entitled “*Transfer Restrictions*”.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in this offering memorandum: audited consolidated financial statements (including the notes to the financial statements) in our annual report for the year ended 31 December 2020 which contained our consolidated financial information for the years ended 31 December 2019 and 2020, and the audited consolidated financial statements (including the notes to the financial statements) in our annual report for the year ended 31 December 2019 which contained our consolidated financial information for the years ended 31 December 2018 and 2019. Copies of these documents can be downloaded from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and our website at [www.bjei.com](http://www.bjei.com) (the other contents of these websites do not form part of this offering memorandum). Our audited consolidated financial statements as at and for the years ended 31 December 2020 and 31 December 2019, which are incorporated by reference in this offering memorandum, were prepared and presented in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”).

Our audited consolidated financial statements as of and for the years ended 31 December 2020 have been audited by our independent auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”) and should be read in conjunction with our audited consolidated financial statements as of and for the years ended 31 December 2020 (the “**2020 Financial Statements**”), including the notes thereto, are incorporated by reference in this offering memorandum. Our audited consolidated financial statements as of and for the years ended 31 December 2019 have been audited by our former independent auditor, PricewaterhouseCoopers (“**PwC**”) and should be read in conjunction with our audited consolidated financial statements as of and for the years ended 31 December 2019 (the “**2019 Financial Statements**”), including the notes thereto, are incorporated by reference in this offering memorandum.

## CERTAIN DEFINITIONS AND CONVENTIONS

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Issuer,” “Company,” the “Group” and words of similar import, we are referring to Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司) itself and its consolidated subsidiaries, as the context requires.

Market data, industry forecast and the PRC and solar power industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Sole Lead Manager or our or its respective directors and advisers, and neither we, the Sole Lead Manager nor our or its respective directors and advisers make any representation as to the 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. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and the PRC and solar power industry statistics.

In this offering memorandum, all references to “US\$”, “U.S.\$” and “U.S. dollars” are to United States dollars, the official currency of the United States of America (the “United States” or “U.S.”); all references to “HK\$” and “H.K. dollars” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC (“Hong Kong” or “HK”); and all references to “RMB” or “Renminbi” are to the Renminbi, the official currency of the People’s Republic of China (“China” or the “PRC”).

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollar amounts were made at the rate of RMB6.5250 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2020, and all translations from H.K. dollar amounts into U.S. dollar amounts were made at the rate of HK\$7.7534 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2020. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate, or at all. All amounts converted into U.S. dollars contained in this offering memorandum are unaudited and for reference purposes only. For further information relating to the exchange rates, see the section entitled “*Exchange Rate Information*”.

References to “PRC” and “China” in the context of statistical information and description of laws and regulations in this offering memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC (“Macau”), or Taiwan. “PRC government” or “State” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

Our consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which differ in certain respects from generally accepted accounting principles (“GAAP”) in certain other jurisdictions. There could be significant differences between HKFRS and GAAP in certain other jurisdictions, as applied to us. We neither describe the differences between HKFRS and GAAP in certain other jurisdictions, nor reconcile the HKFRS financial information to GAAP in certain other jurisdictions. Accordingly, such information is not available to investors, and investors should

consider this in making their investment decision. Unless the context otherwise requires, references to “2019” and “2020” in this offering memorandum are to our financial years ended 31 December 2019 and 2020, respectively.

References to “**Belt and Road**” or “**B&R**” are to a global development strategy adopted by the PRC government in 2013 involving infrastructure development and investments in certain countries and international organisations in Asia, Europe, Africa, the Middle East and the Americas.

References to “**CMG**” are to China Merchants Group Limited.

References to “**CMNEG**” are to China Merchants New Energy Group.

References to “**FITs**” are to feed-in tariffs, which represent the total price for solar-generated electricity stipulated by the relevant PRC government authorities as part of the PRC government’s price support regime for renewable energy, which comprise (i) the electricity price to be paid by the relevant electricity off-taker and (ii) the on-grid tariff to be provided by the relevant PRC government authorities.

References to “**GW**” are to gigawatt.

References to “**kW**” are to kilowatt. References to “**kWh**” are to kilowatt-hour.

References to “**land use rights certificate**” are to the state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) of the right of a party to use a parcel of land.

References to “**MOF**” are to the Ministry of Finance of the PRC.

References to “**MW**” are to megawatt.

References to “**NEA**” are to the National Energy Administration of the PRC.

References to “**NDRC**” are to the National Development and Reform Commission of the PRC.

References to “**Region 1**,” “**Region 2**” and “**Region 3**,” are to (i) Northern China and Inner Mongolia, (ii) the Western and Central regions of China, and (iii) the remaining regions of China, respectively, which the NDRC has categorised based on irradiation levels for the purposes of determining FITs that are applicable to solar power companies operating in each particular region.

References to “**Renewable Energy Subsidy Catalogue**” are to a catalogue, jointly published and periodically updated by MOF, NDRC and NEA, that lists the solar power plants that are eligible to receive FITs under the PRC government’s price support regime for renewable energy.

In this offering memorandum, unless the context otherwise requires, (1) all references to “Affiliate” are to person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; (2) all references to “subsidiary” are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), as amended (the “**Listing Rules**”), which includes: (i) a “subsidiary undertaking” as defined in the schedule 1 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”), (ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable HKFRS or International Financial Reporting Standards, and (iii) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable HKFRS or International Financial Reporting Standards; (3) all references to “associate” are used with the meaning ascribed thereto under the Listing Rules, which includes: (i) in relation to an individual, his spouse and children under the age

of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power, (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director of our Company, chief executive or substantial shareholder of a listed issuer; and (4) all references to “**controlling shareholder**” are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our board of directors, and “**controlling interest**” will be construed accordingly.

In this offering memorandum, 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.

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

## FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies;
- our capital expenditure and solar power plant acquisition and development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to favourable price support regimes, including feed-in tariffs, of the relevant PRC government entities and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- pipeline solar power projects for acquisition or development;
- the regulatory environment of our industry in general;
- the performance and future developments of the solar power market in China or any region in China in which we may engage in solar power plant operations;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply for solar power plants, availability and cost of financing, and pricing and demand for electricity;
- significant delay in obtaining the various permits, proper legal titles or approvals for our solar power plants under development;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction, building, material and equipment supply and installation contracts;
- changes in currency exchange rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialise or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “*Risk Factors*” in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

## THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the Bonds, see “Terms and Conditions of the Bonds”. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds”.

<b>Company</b>	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司)(formerly known as Panda Green Energy Group Limited) (the “ <b>Issuer</b> ”).
<b>Bonds Offered</b>	US\$50,000,000 3.8% Convertible Bonds due 2024 (the “ <b>Bonds</b> ”).
<b>Increase Option</b>	We have granted to the Sole Lead Manager the Increase Option to subscribe and pay for, or to procure subscribers to subscribe and pay for, all or any of the Option Bonds up to a further aggregate principal amount of US\$50,000,000, and the Increase Option shall be exercisable on one occasion from 22 June 2021 and prior to 5.00pm (Hong Kong time) on the date falling 90 days after the Original Issue Date, provided that the Increase Option may only be exercised if the Conversion Price as adjusted pursuant to the Terms and Conditions of the Bonds (if applicable) is higher than the benchmarked price (as defined in rule 13.36(5) of the listing rules of the Hong Kong Stock Exchange) of the Shares on the date on which the Option is exercised.
<b>Offering Price</b>	100% of the principal amount of the Bonds.
<b>Original Issue Date</b>	on or about 29 June 2021, being the date of completion of the issue of the Firm Bonds, or such later date, not being later than 14 days after 29 June 2021, as the Issuer and the Sole Lead Manager may agree.
<b>Maturity Date</b>	29 June 2024.
<b>Interest.</b>	The Bonds are expected to bear interest from and including the Issue Date at the rate of 3.8% per annum, payable semi-annually in arrear.
<b>Interest Payment Dates</b>	On or about 29 June and 29 December of each year, commencing 29 December 2021.
<b>Status</b>	The Bonds constitute our direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. Our payment obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of our other present and future unsecured and unsubordinated obligations.
<b>Conversion Right</b>	<p>Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 7) credited as fully paid at any time during the Conversion Period referred to below (the “<b>Conversion Right</b>”).</p> <p>Subject to and upon compliance with these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after the day falling 41 days after the Issue Date to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(3), in no event thereafter) or, if we have called such Bond for redemption before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than ten days (in the place aforesaid) prior to the date fixed for redemption thereof (the “<b>Conversion Period</b>”).</p>



**Conversion Price and Adjustments**

The price at which Shares will be issued upon exercise of a Conversion Right will initially be HK\$0.33 per Share (the “**Conversion Price**”) with a fixed exchange rate of US\$1.00 to HK\$7.7653, but will be subject to adjustment in the following circumstances:

- Consolidation, Subdivision, Redesignation or Reclassification
- Capitalisation of Profits or Reserves
- Distributions
- Rights Issues of Shares or Options over Shares
- Rights Issues of Other Securities
- Issues at less than Current Market Price
- Other Issues at less than Current Market Price
- Modification of Rights of Conversion etc.
- Other Offers to Shareholders
- Other Events

**Conversion Price Reset**

If the Closing Price of the Shares on 20 out of the 30 consecutive Trading Days before 29 June 2022 or 29 June 2023 (each, a “**Reset Date**”), is lower than the Conversion Price in effect on the relevant Reset Date, the Conversion Price in effect on the relevant Reset Date (taking into account any adjustments as described in Condition 6(C) which may have occurred prior to the relevant date) shall be reset to the Reset Reference Share Price on each Reset Date, as further described in Condition 6(D).

“**Reset Reference Share Price**” means the arithmetic average of the daily Volume Weighted Average Price of each Share on each of the 30 consecutive Trading Days immediately prior to the relevant Reset Date.

**Use of Proceeds**

See section entitled “*Use of Proceeds*”.

**Redemption at the Option of the Issuer**

The Bonds may be redeemed by us in whole but not in part at their Early Redemption Amount together with interest accrued but unpaid to such date (if any) at any time if, immediately prior to the date of the notice of such redemption, at least 90% in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds and any Option Bonds issued before the redemption notice is given) has already been converted, redeemed or purchased and cancelled.

**Repurchase of Bonds Upon a Relevant Event**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder’s option, to require us to redeem all, or some only, of such holder’s Bonds on the Relevant Event Put Date at their Early Redemption Amount at such time together with interest accrued but unpaid to such date (if any).

“**Relevant Event**” occurs:

- (1) when the Shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 45 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (2) when there is a Change of Control.

**Redemption for Taxation Reasons**

Subject to certain conditions and as more fully described herein, we may redeem the Bonds, as a whole but not in part, at their Early Redemption Amount, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by us for redemption, if we would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See Condition 9(B) (*Redemption for Taxation Reasons*).

**Transfer Restrictions**

The Bonds will not be registered under the U.S. Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Transfer Restrictions*".

**Form, Denomination and Registration**

The Bonds will be issued in registered form in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by the Global Certificate registered in the name of a nominee of, and deposited with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**").

**Trustee**

The Hongkong and Shanghai Banking Corporation Limited

**Paying Agent, Transfer Agent and Registrar**

The Hongkong and Shanghai Banking Corporation Limited

**Listing**

Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only. The Bonds will be traded on the Hong Kong Stock Exchange in a minimum board lot size of US\$200,000 for as long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of the Hong Kong Stock Exchange so require.

**Security Codes**

<u>ISIN</u>	<u>CommonCode</u>
XS2357661326	235766132

**Legal Entity Identifier**

254900VFLEZ5307NZ502

**Governing Law**

The Bonds, the Trust Deed and the Agency Agreement will be governed by and will be construed in accordance with, English law.

**Risk Factors**

For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see "*Risk Factors*".

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

*The following tables set forth our summary consolidated financial information as of and for the periods indicated.*

The summary consolidated financial information as of and for the years ended 31 December 2019 and 2020 set forth below is derived from our audited consolidated financial statements as of and for the years ended 31 December 2020 which have been audited by our independent auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”) and should be read in conjunction with our audited consolidated financial statements as of and for the years ended 31 December 2020 (the “**2020 Financial Statements**”), including the notes thereto, which are incorporated by reference in this offering memorandum. Grant Thornton had issued a qualified opinion on the basis described in their audit opinion on the 2020 Financial Statements (the “**2020 Audit Opinion**”) incorporated by reference in this offering memorandum.

Our previous auditor, PwC, had issued a disclaimer of opinion on the financial information as at and for the year ended 31 December 2019 due to the scope limitation on the audit of transactions related to certain investigated matters (the “**Investigated Matters**”), as further described in “*Risk Factor – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects.*” and the 2020 Audit Opinion. Grant Thornton also encountered similar scope limitation in relation to these Investigated Matters and were not able to perform satisfactory audit work and there were no alternative audit procedures on whether the impairment loss of approximately RMB1,094 million recognised in consolidated statement of profit or loss of the Group for the year ended 31 December 2019 were fairly stated and accordingly, Grant Thornton were not able to express an audit opinion on the other receivables, deposits and prepayments included in the Group’s consolidated financial position as at 31 December 2019, and the consolidated loss and consolidated cash flows for the year ended 31 December 2019 as well as the accuracy and completeness of the disclosures in respect of contingent liability, transactions and/or balances with related parties, if any, in relation to the transactions, arrangements, and/or the relevant counterparties identified in relation to the Investigated Matters. Grant Thornton’s opinion on the 2020 Financial Statements is also modified because of the possible effect of these matters on the comparability of the current year’s figures and the corresponding figures as at and for the year ended 31 December 2019 as well as the disclosures in these statements. Except for the effect on the comparative figures as at, and for the year ended 31 December 2019, there is no effect of the aforementioned audit qualification to the Company’s consolidated financial statements as of and for the year ended 31 December 2020.

It should be noted that the reproduction of the independent auditor’s reports should not be construed as in any way updating or refreshing the independent auditor’s reports nor does the independent auditor accept responsibility for such reports beyond that owed to those to whom the reports were addressed at the date of issue.

Our audited consolidated financial statements were prepared and presented in accordance with HKFRS.

## Summary Consolidated Statements of Profit or Loss

	<b>2019</b>	<b>2020</b>
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>(in millions)<sup>(2)</sup></i>	
Sales of electricity . . . . .	629	664
Tariff adjustment . . . . .	1,539	1,485
Revenue . . . . .	2,168	2,149
Other income . . . . .	50	64
Employee benefits expenses (excluding share-based payment expenses) . . . . .	(115)	(101)
Land use tax . . . . .	(8)	(8)
Legal and professional fees . . . . .	(19)	(31)
Maintenance costs . . . . .	(47)	(42)
Other expenses . . . . .	(109)	(64)
EBITDA <sup>(1)</sup> . . . . .	1,920	1,967
Depreciation of property, plant and equipment . . . . .	(581)	(575)
Depreciation of right-of-use assets . . . . .	(26)	(29)
Bargain purchase gain arising from business combinations . . . . .	–	1
Loss on debt extinguished by issuing equity instruments . . . . .	(32)	–
Fair value losses on financial assets at fair value through profit or loss . . . . .	(168)	–
Fair value gain on financial liabilities at fair value through profit or loss . . . . .	13	–
Finance income . . . . .	77	80
Finance costs . . . . .	(1,239)	(1,110)
Impairment charge on concession rights . . . . .	(531)	–
Impairment charge on development rights . . . . .	(831)	–
Impairment charge on property, plant and equipment . . . . .	(958)	(3)
Impairment charge on right-of-use assets . . . . .	(18)	–
(Write-off)/write-back on other receivables, net . . . . .	(39)	1
Impairment loss of financial assets . . . . .	(1,094) <sup>(3)</sup>	(1)
Share-based payment expenses . . . . .	(6)	(4)
Share of profits of investments accounted for using equity method . . . . .	36	21
Loss on termination of leases . . . . .	–	(1)
Loss on disposal of property, plant and equipment . . . . .	–	(2)
Loss on disposal of subsidiaries . . . . .	(302)	(1)
<b>(Loss)/Profit before income tax . . . . .</b>	<b>(3,779)</b>	<b>344</b>
<b>Income tax credit/(expense) . . . . .</b>	<b>280</b>	<b>(82)</b>
<b>(Loss)/profit for the year from continuing operations . . . . .</b>	<b>(3,499)</b>	<b>262</b>
<b>Profit for the year from discontinued operation . . . . .</b>	<b>4</b>	<b>–</b>
<b>(LOSS)/PROFIT FOR THE YEAR . . . . .</b>	<b>(3,495)</b>	<b>262</b>
<b>(Loss)/profit attributable to equity holders of the Company</b>		
Continuing operations . . . . .	(3,279)	241
Discontinued operation . . . . .	4	–
	(3,275)	241
<b>(Loss)/profit attributable to non-controlling interests</b>		
Continuing operations . . . . .	(220)	21
<b>(LOSS)/PROFIT FOR THE YEAR . . . . .</b>	<b>(3,495)</b>	<b>262</b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Basic and diluted (RMB cents))</b>		
Continuing operations . . . . .	(23.40)	1.12
Discontinued operation . . . . .	0.03	–
	(23.37)	1.12

### Notes:

- EBITDA represents earnings before depreciation, finance income, finance costs, income tax (expense)/credit, fair value adjustments, non-cash items, non-recurring items, bargain purchase gain arising from business combinations, loss on debt extinguished by issuing equity instruments, impairment charges on non-financial assets, impairment loss of financial assets, write-back/(write-off) on other receivables, share-based payment expenses, share of profits of investments accounted for using equity method, loss on termination of leases, loss on disposal of property, plant and equipment and loss on disposal of subsidiaries. EBITDA is not a measure of performance under HKFRS, but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by the other companies.
- The amount is rounded to the nearest million.
- PwC and Grant Thornton encountered scope limitation in relation to the Investigated Matters and were not able to perform satisfactory audit work and there were no alternative audit procedures on whether the impairment loss of approximately RMB1,094 million recognised in consolidated statement of profit or loss of the Group for the year ended 31 December 2019 were fairly stated. Please refer to the preamble to the *Summary Consolidated Financial Information* for more details.

## Summary Consolidated Statements of Financial Position

	<u>2019</u>	<u>2020</u>
	(RMB)	(RMB)
	(Audited)	(Audited)
	(in millions)	
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment . . . . .	14,246	14,097
Right-of-use assets . . . . .	307	325
Intangible assets . . . . .	869	869
Investments accounted for using equity method . . . . .	297	263
Other receivables, deposits and prepayments . . . . .	540 <sup>(1)</sup>	406
Pledged deposits . . . . .	1,265	379
Deferred tax assets . . . . .	27	27
<b>Total non-current assets</b> . . . . .	<u>17,551</u>	<u>16,366</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss . . . . .	42	42
Trade, bills and tariff adjustment receivables . . . . .	3,808	4,344
Other receivables, deposits and prepayments . . . . .	2,356	2,743
Pledged deposits . . . . .	1,440	974
Restricted cash . . . . .	20	42
Cash and cash equivalents . . . . .	239	1,577
<b>Total current assets</b> . . . . .	<u>7,905</u>	<u>9,722</u>
<b>Total Assets</b> . . . . .	<u>25,456</u>	<u>26,088</u>
<b>Equity and Liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital . . . . .	1,285	1,924
Reserves . . . . .	2,039	3,393
	3,324	5,317
Non-controlling interests . . . . .	317	338
<b>Total Equity</b> . . . . .	<u>3,641</u>	<u>5,655</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bank and other borrowings . . . . .	10,677	12,284
Lease liabilities . . . . .	107	123
Deferred government grant . . . . .	5	1
Deferred tax liabilities . . . . .	256	268
Other payables . . . . .	8	-
<b>Total non-current liabilities</b> . . . . .	<u>11,053</u>	<u>12,676</u>
<b>Current liabilities</b>		
Other payables and accruals . . . . .	3,124	2,442
Lease liabilities . . . . .	14	10
Bank and other borrowings . . . . .	7,624	5,305
<b>Total current liabilities</b> . . . . .	<u>10,762</u>	<u>7,757</u>
<b>Total Liabilities</b> . . . . .	<u>21,815</u>	<u>20,433</u>
<b>Total Equity and Liabilities</b> . . . . .	<u>25,456</u>	<u>26,088</u>

Notes:

- (1) Grant Thornton were not able to express an audit opinion on the other receivables, deposits and prepayments included in the Group's consolidated financial position as at 31 December 2019. Please refer to the preamble to the *Summary Consolidated Financial Information* for more details.

## RISK FACTORS

*You should carefully consider the risks described below and other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Bonds, and you could lose all or part of your investment.*

*An investment in the Bonds is subject to significant risks. You should carefully consider all of the information in this offering memorandum and, in particular, the risks described below before deciding to invest in the Bonds. The following describes some of the significant risks that could affect us and the value of the Bonds as well as our ability to pay interest on, and repay the principal of, the Bonds. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Bonds could decline due to any of these risks and you may lose all or part of your investment. This offering memorandum also contains forward-looking statements that involve risks and uncertainties including those described under “Forward-Looking Statements” elsewhere in this offering memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering memorandum.*

### **Risks Relating to Our Business and the Solar Power Industry**

***The outbreak of COVID-19 may adversely affect our business, financial condition, results of operations and prospects.***

Beginning in December 2019, an outbreak of the Coronavirus Disease 2019 (“COVID-19”) emerged and expanded around the world in the following months. COVID-19 is considered highly contagious and may pose a serious threat to the health and well-being of the public. Between January and March 2020, in response to the COVID-19 outbreak in China, the PRC government introduced a series of measures including but not limited to lockdown of cities with high risks of infection, restrictions on resumption of business and traffic control between cities and provinces, resulting in disruptions of the business activities of companies in various industries in China during this period.

The World Health Organisation declared the outbreak of COVID-19 a Public Health Emergency of International Concern on January 30, 2020, and later characterised the outbreak of COVID-19 as a global pandemic in March 2020. The fatalities resulting from COVID-19 and the restrictive measures adopted to contain it, are likely to have an adverse effect on the livelihood of people and the economic conditions of the regions affected. In addition, such outbreaks may result in prolonged restrictions on travel and public transport and closures of workplaces which may have a material adverse effect on the global economy. This has significantly disrupted many aspects of the economy globally, resulting in a negative economic impact. A number of governments revised GDP growth forecasts downward for 2020 in response to the economic slowdown caused by the spread of coronavirus, and it is possible that the outbreak of coronavirus may cause a prolonged global economic crisis or recession.

The COVID-19 pandemic has certain impacts on our business operations in particular on power generation and power plant construction in the PRC. However, the degree of the impact is considered insignificant to us due to the effective pandemic preventive measures imposed by PRC government and the safety measures adopted by us and also because our business and operations are not as labour intensive as other industries. Apart from maintaining the power generation, we took responsible steps to protect the safety and health of the employees in various offices and power plants, including face masks distribution, temperature check, COVID-19 tests and flexible working arrangement where applicable.

As a result of the effective control of COVID-19 in the PRC, the domestic electricity usage has recovered rapidly, and the construction of large infrastructure projects has further increased the electricity demand in the PRC. With the rise of coal prices, the demand of coal generated power will be further suppressed, providing further opportunities for the consumption of new energy.

Although the COVID-19 pandemic has been effectively controlled in the PRC, there is still the risk of imported cases and localised outbreaks in the PRC, which may have certain impacts on our business operations. In addition, the COVID-19 pandemic in some foreign countries are still ongoing, which affects our overseas projects to a certain extent. We will strictly implement COVID-19 precautionary and control measures and emergency plans as part of our normal operations in order to ensure that potential risks in relation to power generation and power plant construction are controllable and under control.

Whilst the overall impact of the COVID-19 pandemic on our financial position and financial performance has been limited thus far, the extent to which the COVID-19 pandemic may further impact our results of operations in the future will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and the actions to contain its spread or treat its impact, among others. In addition, we cannot foresee whether the outbreak of the COVID-19 pandemic will be effectively contained worldwide, nor can we predict the severity and duration of its impact. If the pandemic is not effectively controlled or continues to worsen, our business operations and financial condition may be adversely affected to a certain degree due to deteriorating market outlook and sentiments, slowdown in national and global economic growth, weakened financial condition of our customers, or other factors that we cannot foresee.

***The reduction, modification or elimination of government subsidies and economic incentives may reduce the economic benefits of the solar power plants we own or acquire or develop.***

In the PRC, where we are currently active, and in the countries where we intend to establish business operations, solar power markets, particularly the on-grid PV systems market, are not currently commercially viable without government subsidies or economic incentives. The cost of generating electricity from solar energy in these markets currently exceeds, and may continue to exceed for the foreseeable future, the cost of generating electricity from conventional and other non-solar renewable energy sources. These subsidies and incentives have been primarily in the form of government subsidies, tax credits and other incentives to end users, distributors, system integrators and manufacturers of solar energy products.

The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns in a given country and the overall cost of developing solar power plants. Adjustments to subsidies and economic incentives in the PRC are subject to the sole discretion of the PRC government. The MOF, the NDRC and the NEA have historically jointly issued notices in relation to registration onto the Renewable Energy Tariff Subsidy Catalogues, and most recently have issued the 7th Batch Catalogue in June 2018, as well as the 3rd Batch Catalogue of Photovoltaic Poverty Alleviation Projects in February, 2020. In January 2020, the MOF, the NDRC, and the NEA jointly issued Caijian 2020 No. 4 Notice on Several Opinions of Promoting the Healthy Development of the Power Generation of Non-Water Renewable Energy (關於促進非水可再生能源發電健康發展的若干意見). Pursuant to Caijian 2020 No. 4 Notice, the PRC government will no longer publish the Renewable Energy Tariff Subsidy Catalogues. On the other hand, the procedures for settlement of tariff adjustment is intended to be further simplified whereby it is indicated in Caibanjian 2020 No.6 Office of Ministry of Finance's Procedures in relation to Commencement of Approval Procedures of Renewable Energy Tariff Subsidy Project List (財政部辦公廳關於開展可再生能源發電補貼項目清單審核有關工作的通知) that all qualified renewable energy power plants (存量項目)(the "**Qualified Power Plants**") which fulfil certain requirements are eligible to be enlisted in the Tariff Subsidy Project List (the "**List**") (補貼項目清單). The Qualified Power Plants include all 1st to 7th Batch Catalogue power plants, which will be automatically enlisted in the

List. Solar power plants registered on such catalogues would be allowed to receive FITs from the relevant government authorities. Although the majority of our solar power plants, accounting for approximately 86% of our aggregate installed capacity, as of December 31, 2020, have been registered on the Renewable Energy Tariff Subsidy Catalogues, we may not be successful in registering any of our un-registered solar power plants on any of the prospective catalogues and any solar power plants that are not registered would not be eligible to receive FITs. Failure of any our solar power plants to receive FITs could considerably affect our business, financial condition, results of operations and prospects.

As the renewable energy industry becomes more mature, the PRC government may reduce the applicable on-grid tariffs. For example, along with the development of the solar energy industry, the NDRC, the MOF and the NEA established uniform on-grid tariffs for solar energy based on resource zones, and such new on-grid tariffs were lower than those generally available to solar energy projects established prior to the change. In May 2018, the NDRC, the MOF and the NEA announced a reduction in FITs for newly constructed solar power plants, pursuant to which the FITs for Regions 1, 2 and 3 were cut by RMB0.05/kWh. In April 2019, the NDRC announced a further reduction in FITs for solar power projects eligible for state subsidies and, with some exceptions, the government-guided FITs for Regions 1, 2 and 3 were cut down to RMB0.40/kWh, RMB0.45/kWh and RMB0.55/kWh, respectively. In March 2020, the NDRC announced a further reduction in FITs for solar power projects eligible for state subsidies and, with some exceptions, the government-guided FITs for Regions 1, 2 and 3 were cut down to RMB0.35/kWh, 0.40/kWh and 0.49/kWh, respectively. On June 7, 2021, the NDRC issued a notice halting subsidies for the newly recorded centralized photovoltaic power plants, commercial and industrial distributed photovoltaic projects, which becomes effective from August 1, 2021. For the years ended December 31, 2019 and 2020, we recorded RMB1,539 million and RMB1,485 million, respectively, in tariff adjustments made through the receipt of FITs from the PRC government, which accounted for approximately 80% and 75%, respectively, of our EBITDA for the same periods.

We are also entitled to various preferential tax treatments, including tax exemptions and reductions for enterprise income taxes. For example, under the relevant tax rules and regulations, subject to fulfilling certain registration requirements with the relevant PRC tax bureaus, an eligible environmental protection project is entitled to an enterprise income tax exemption for the first three years after such project becomes operational and a 50% tax reduction for the following three years. If we fail to maintain our qualification for preferential tax treatment, or if any such preferential tax treatment either expires or is discontinued, our tax expenses could increase substantially, and as a result, our business, financial condition, results of operations and prospects could be considerably affected. Government subsidies and incentives for solar energy may be reduced or eliminated in the future, which may reduce our profitability and diminish the availability of our opportunities to continue to develop or acquire suitable developed solar power plants.

***Reduction of FITs by the national or local government may result in impairment losses on our intangible assets and construction in progress (“CIP”).***

In April 2019, the NDRC announced a reduction in FITs for solar power projects eligible for state subsidies and the government-guided FITs for Regions 1, 2 and 3 were cut down from RMB0.50/kWh, RMB0.60/kWh and RMB0.70/kWh, respectively, to RMB0.40/kWh, RMB0.45/kWh and RMB0.55/kWh, respectively, effective from July 1, 2019. Further, the People’s Government of Tibet Autonomous Region published a notice on June 30, 2019, pursuant to which the FITs for certain hydropower projects in respect of which we have development rights would be reduced from RMB0.35/kWh to RMB0.34/kWh from July 1, 2019 to December 31, 2020, and such notice is on temporary trial since July 1, 2019 until further notice. In March 2020, the NDRC announced a further reduction in FITs for solar power projects eligible for state subsidies and, with some exceptions, the government-guided FITs for Regions 1, 2 and 3 were cut down to RMB0.35/kWh, 0.40/kWh and 0.49/kWh, respectively. The reduction in FITs would primarily impact solar power projects in the respective regions and hydropower projects in Tibet that are on-grid on or after July 1, 2019.



Our intangible assets comprise development rights to develop certain solar power and hydropower plants. Our CIP mainly comprises solar power projects in the PRC and hydropower projects in Tibet that are under construction.

Our management tests for impairment of our development rights and CIP annually or when there are events or changes in circumstances which indicate that such rights and CIP might be impaired. In addition, there is no assurance that the government will not further reduce FITs for solar power projects or hydropower projects. If an impairment loss on the carrying value of our concession rights, development rights and CIP is recognized as a result of any reduction in FITs or any other events or circumstances, our business, financial condition and results of operations could be materially and adversely affected.

***An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects.***

In May 2020, we were informed by our predecessor auditor of certain findings during the audit of the Company's consolidated financial statements as at and for the year ended 31 December 2019. As a result, the Board established an independent investigation committee which had engaged an external independent professional advisor to conduct an investigation on certain matters brought to our attention. Based on the findings of the investigation, we had identified (1) certain deposits were made to New Energy Exchange Limited (“NEX”) and its related entities, including Renewable Energy (Hong Kong) Trade Board Limited (“EBODHK”), which is a subsidiary of NEX, of HK\$598 million (equivalent to approximately RMB522 million) and certain other payments were made to EBODHK and CMNEG, a related company of NEX and its subsidiaries (“NEX Group”), of totalling HK\$88 million (equivalent to approximately RMB72 million); (2) deposits were made to Shenzhen Zhiyuan Renewable Energy Company Limited (“SZZY”) of RMB500 million; and (3) certain payments on behalf of NEX Group of approximately RMB303.7 million were made to one of the limited partners of Changzhou Haozhen, a then joint venture of us. The amount of RMB303.7 million was recorded as an amount due from NEX Group and included in the outstanding amount due from NEX Group as at 31 December 2019.

As set out in the announcement dated July 19, 2020, the independent professional advisor (the “**Independent Professional Advisor**”) made recommendations to the effect that the Company should:

- ensure strict adherence on its office approval system and authorisation procedures including the use of stamps/chops by authorised signatories;
- engage external professionals to make an assessment over the recoverability of prepayments of the deposits made in connection with NEX and related entities;
- tighten policies in relation to staff departures and handover of work and company property including computers and information management; and
- review key internal control points, conduct internal audits regularly and implement enhancement as appropriate.

The independent investigation committee agreed with the recommendations of the independent professional advisors and has implemented the below measures to address the above recommendations:

- it has engaged an internal control review expert to carry out an internal control review; and
- it has obtained legal advice on the recoverability of prepayments of the deposits made in connection with NEX and related entities. Pursuant to such advice, it has entered into a settlement agreement with NEX Group with respect to item (3) above.

On September 28, 2020, in light of the limitations encountered during the investigation, the significant sums involved and the findings in the investigation, after consulting with the legal advisers, we reported the incidents of prepayment of the deposits to the Commercial Crime Bureau of the Hong Kong Police Force (“CCB”).

As a result of the above incidents, during the year ended December 31, 2019, impairment loss of approximately RMB1,094 million was recognised.

Details of the investigation, financial impact and responses by the Board are described in our 2019 and 2020 annual reports and announcements dated May 12, 2020, May 13, 2020, June 9, 2020, July 20, 2020, July 31, 2020 and September 28, 2020.

We commit to keep the public informed of all material information to appraise our position by way of announcements on the websites of the Stock Exchange and our group, including but not limited to market updates of all material information where applicable, but we cannot assure you that such incident will not happen again. In particular, there can be no assurance that the measures implemented to improve the Group’s internal control would be sufficient.

In addition, as set out in our announcement dated July 31, 2020, the Independent Professional Advisor was subject to certain limitations, including without limitation, non-receipt of certain requested documents, unavailability of certain external personnel and witnesses for interview and inability to perform a systematic review on the server emails due to lack of backup of a majority of emails on the Group’s server.

Therefore, there can be no assurance from the investigation that all incidents involving potential illegal activity or lapses of internal control have been uncovered. If similar incidents happen in the future, we may lose the customers or incur further impairment losses and our business, financial conditions, results of operations and operations may be adversely affected. In addition, there can be no assurance that our civil actions against NEX Group and SZZY if pursued will be successful or any amount can be recovered from any of them.

***Our previous independent auditor issued a disclaimer of opinion in its reports on our 2019 audited financial statements and our current independent auditor issued a qualified opinion on our 2020 audited financial statements, which should be considered when making an assessment of our financial performance.***

PwC, our previous independent auditor has issued a disclaimer of opinion on our audited financial statements as at and for the year ended 31 December 2019 (the “**2019 Financial Statements**”) in relation to certain impairment losses or prepayment of deposits to some companies for investment in certain renewable energy projects (the “**Investigated Incidents**”), as described in “*Recent Developments – Settlement with NEX*” and “*Risk Factor – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects*”, which should be considered when making an assessment of our financial performance.

In response to the Investigated Incidents, PwC had planned to conduct certain extended procedures during the course of their audit on our financial statements as at and for the year ended 31 December 2019. However, they encountered limitations during the course of such extended procedures as described in their audit report as at and for the year ended 31 December 2019. Due to the aforementioned limitations, PwC could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on our 2019 consolidated financial statements in compliance with the disclosure requirements of the Hong Kong Companies Ordinance, and had accordingly issued a disclaimer of opinion. In addition, our previous independent auditor had also highlighted certain items for the investors’ consideration in our audited financial statements as at and for the year ended 31 December 2019, including the fact that the Group’s current liabilities exceeded current assets as at 31 December 2019 and an event of default had occurred with respect to certain borrowings which casted

significant doubt on our ability to continue as a going concern at the time when the 2019 Financial Statements were issued. For more information, see the section entitled “*Risk Factors – We had a working capital deficit as of December 31, 2019. If we are not able to generate adequate operating cash flow or obtain adequate financing, we will face the risk of not being able to continue as a going concern*”.

In relation to the Investigated Incidents, Grant Thornton, our current independent auditor also attempted to conduct certain extended procedures during the course of their audit on our financial statements as at and for the year ended 31 December 2019 and faced similar limitations as PwC as described in their audit report as at and for the year ended 31 December 2020. Based on such scope limitations, Grant Thornton qualified its audit opinions in its audit reports on our audited financial statements as at and for the year ended 31 December 2020 in relation to the Investigated Incidents, which should be considered when making an assessment of our financial performance.

Except for the effect on the comparative figures as at, and for the year ended 31 December 2019, there is no effect of the aforementioned audit qualification to our consolidated financial statements as of and for the year ended 31 December 2020. However, there could be no assurance that the financial statements as at and for the year ended 31 December 2019 and the comparative figures as at, and for the year ended 31 December 2019, appearing as comparative figures in the financial statements as at and for the year ended 31 December 2020 (including the line items with respect to certain impairment losses or prepayment of deposits) present a true and fair view of our consolidated financial position. Investors should take that into account when evaluating our consolidated financial position and results of operations or making an assessment of our financial performance. In addition, there can be no assurance that these qualifications made by the auditors in respect of such accounts would not have any material effect of our results of operations and financial position as reported for the periods referred to.

***We depend on a number of subsidiaries of the State Grid Corporation of China and the Inner Mongolia Power (Group) Co., Ltd. for a significant portion of our revenues and any decrease in purchases of electricity from any one or all of them or any decrease in on-grid tariff adjustments received from the relevant government authorities could adversely affect our business and results of operations.***

We are dependent on the subsidiaries of the State Grid Corporation of China (the “**State Grid**”) and the Inner Mongolia Power (Group) Co., Ltd (the “**Inner Mongolia Power**”) for a significant portion of our revenue and we also depend on relevant PRC government authorities for all of our on-grid tariff adjustments. These subsidiaries of the State Grid and the Inner Mongolia Power, together, accounted for approximately 99.5% and 97.9% of our total revenues in the years ended December 31, 2019 and 2020, respectively. On-grid tariff adjustments from the relevant PRC government authorities accounted for approximately 71.0% and 69.1%, respectively, of our total revenues over the same periods.

We anticipate that revenue from electricity sold to subsidiaries of the State Grid and the Inner Mongolia Power and on-grid tariff adjustments from the relevant PRC government authorities will continue to account for a significant portion of our total revenues for the foreseeable future, and, consequently, we expect to continue to be significantly dependent on revenues from the State Grid and the Inner Mongolia Power, and on-grid tariff adjustments from the relevant PRC government authorities. The loss of any of the State Grid and its subsidiaries or the Inner Mongolia Power as customers, a reduction in their demand for electricity, a material adverse change in their financial condition, or a reduction in the on-grid tariff adjustments received from the relevant PRC government authorities could, in turn, have a material adverse effect on our business, financial condition and results of operations.

***Our growth prospects and future profitability depend to a significant extent on the availability of additional funding options with acceptable terms.***

We require a significant amount of capital to fund the acquisition and/or the development of our solar power projects and other aspects of our operations. We may also require additional capital as a result of changing business conditions or other future developments.

Historically, we have used bank loans, issuances of medium-term notes, senior notes, convertible notes and other debt securities, and loans from leasing companies to fund our project development. We have also benefitted from support from our shareholders and some state-owned enterprises when raising funds through equity and debt financing. For example, in 2015, China Merchants Fund Management Limited, an associate of China Merchants Group Limited (“**CMG**”), the parent company of China Merchants New Energy Group (“**CMNEG**”), our shareholder, provided us with support by subscribing for our convertible bonds. CMNEG also provided a keepwell deed for our medium-term notes program, which we established in 2015. Between February 2015 and March 2019, certain associates of CMG also participated in our share placements and/or converted their convertible bonds into our shares. Huaqing Solar Power Limited (“**Huaqing**”), a subsidiary of Qingdao City Construction Investment (Group) Co., Ltd, which is a state-owned enterprise in the PRC, subscribed for our convertible bonds in 2015. In 2019, Huaqing further subscribed for new shares of our Company. China Huarong Asset Management Co., Ltd. (“**China Huarong**”), a state-owned enterprise in the PRC, subscribed for our convertible bonds in 2015. Certain of such convertible bonds were converted into shares of our Company in 2017. In 2019, Huarong further subscribed for new shares of our Company. On November 19, 2019, we entered into a subscription agreement (the “Subscription Agreement”) with Beijing Energy Investment Holding (Hong Kong) Co., Limited, pursuant to which Beijing Energy Investment Holding (Hong Kong) Co., Limited have agreed to subscribe for 7,176,943,498 shares (the “subscription shares”) of the Company at a total price of HK\$1,794.2 million, subject to certain conditions including shareholder and regulatory approvals. The subscription shares would represent approximately 32.0% of the enlarged fully paid up issued share capital of our Company upon completion of the subscription. The subscriber is a subsidiary of Beijing Energy Holding Co., Ltd (北京能源集團有限責任公司), which is a state-owned enterprise in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality. On April 9, 2020, we entered into two facility letters with China Construction Bank (Asia) Corporation Limited (“**China Construction Bank**”) in relation to two loan facilities for the purpose of financing our general corporate funding requirements and refinancing our debts.

We expect to expand our business through debt and equity financing. However, we cannot guarantee that we will be successful in locating additional suitable sources of financing when required or at all, or on terms or at costs that we find attractive or acceptable. We cannot guarantee that our shareholders will continue to support our fundraising efforts. Moreover, rising interest rates could adversely impact our cost of capital and ability to otherwise secure financing on favorable terms. In addition, our previous independent auditor, PwC, has expressed material uncertainty related to going concern in our 2019 audited consolidated financial statement, and accordingly we are dependent to a significant extent on the availability of additional funding options with acceptable terms. See the section entitled “*Risk Factors – We had a working capital deficit as of December 31, 2019. If we are not able to generate adequate operating cash flow or obtain adequate financing, we will face the risk of not being able to continue as a going concern*”.

We began strategically growing our solar power plant portfolio in 2013. Acquiring and developing solar power plants require significant upfront capital expenditure. Our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- the general condition of the equity and debt capital markets;

- regulatory and government support in the form of tax credits, rebates, FIT price support schemes and other incentives;
- the continued confidence of banks and other financial institutions in us and the solar power industry; and
- our ability to comply with any financial covenants under the debt financing.

Additional funds may not be available on terms commercially acceptable to us. Failure to manage discretionary spending and raise additional financing as required may adversely impact our ability to achieve our intended business objectives, which could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

***We had a working capital deficit as of December 31, 2019. If we are not able to generate adequate operating cash flow or obtain adequate financing, we will face the risk of not being able to continue as a going concern.***

Our current liabilities exceeded our current assets by RMB2,857 million as of December 31, 2019. In addition, we also have certain financial obligations and capital expenditures under various contractual and other arrangements. Although our current assets exceeded our current liabilities by RMB1,965 million of December 2020, these matters indicate the previous existence of a material uncertainty which casted significant doubt on our ability to continue as a going concern in 2018 and 2019.

Our consolidated financial statements have been prepared on a going concern basis. Our continuation as a going concern is dependent upon our ability to secure a substantial amount of funds in the foreseeable future to finance our upcoming financial obligations and capital expenditures under various contractual and other obligations. There is no assurance that we would generate sufficient cash flow either through our operations or our financing plans or measures. In the event that we are unable to continue as a going concern, adjustments would have to be made to write down the carrying values of our assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. Our inability to continue as a going concern would materially and adversely affect our financial condition, results of operations and business prospects. In the event we are unable to continue as a going concern and go through bankruptcy proceedings, Bondholders may not be able to recover their principal and/or interest.

***We may not be able to develop or acquire attractive solar power plants.***

We compete for project awards based on, among other things, pricing, technical and engineering expertise, financing capabilities, past experience and track record. It is difficult to predict whether and when we will be awarded a new solar power plant that meets our requirements for solar power generation performance and investment return. The bidding and selection process is also affected by a number of factors, including factors which may be beyond our control, such as market conditions or government incentive programs. Our competitors may have greater financial resources, a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Any increase in competition during the bidding process or reduction in our competitive capabilities could have a significant adverse impact on our market share and on the margins we generate from our solar power plants.

Other difficulties in new geographical locations we may enter, include:

- accurately prioritizing geographic markets for entry, including estimates on addressable market demand;
- obtaining construction, environmental and other permits and approvals;

- securing land use rights or other site control;
- managing local operational, capital investment or components sourcing regulatory requirements;
- connecting to the power grid on schedule and within budget;
- transmitting electricity when there is insufficient grid capacity;
- identifying, attracting and retaining qualified development specialists, technical engineering specialists and other personnel;
- securing cost-competitive financing on attractive terms; and
- collecting FIT payments and other economic incentives as expected.

These foregoing factors could adversely affect our business, financial condition and results of operations.

***The delay between making significant upfront investments in our solar power plants and receiving the corresponding revenue could materially and adversely affect our liquidity, business and results of operations.***

We have in the past and may in the future acquire or develop solar power projects before they are listed on the Renewable Energy Tariff Subsidy Catalogue, in order to become eligible to receive the government on-grid subsidy. In such instances, we only receive the benchmark electricity price from the customer, and do not receive the amount of government on-grid subsidies for electricity generated between the period of signing the relevant PPA and the listing of the project on the Renewable Energy Subsidy Catalogue until after the solar power project is listed on the Renewable Energy Tariff Subsidy Catalogue. Our solar power plants may not be successfully listed on such catalogue, and we would therefore not be eligible to receive the government on-grid subsidy. Similarly, the process of having our solar power plants listed may take longer than expected, which would prolong the time between our investment in the solar power plant and our receipt of the government on-grid subsidy, which typically comprises a significant proportion of the total amount we receive on electricity sales. Occurrence of either of the foregoing may adversely impact our liquidity and resources, and materially and adversely affect our business, financial condition and results of operations.

Further, when we develop solar power plants, there are generally several months or even years between our initial investments and the point when we begin to receive on-grid tariffs from the sale of electricity generated by such solar power plants from the relevant government authorities. Such investments include, without limitation, legal, accounting and other third-party fees, costs associated with feasibility studies, payments for land use rights, government permits, EPC contractor fees, PPA deposits or other payments that may be non-refundable. Furthermore, we have historically relied on bank loans, issuances of medium term and convertible notes, and loans from leasing companies to pay for the costs and expenses incurred during project development.

Solar power plants generate revenue only after becoming commercially operational and start to sell electricity to the power grid. There may be a long delay from the initial land and interconnection assessments to the actual commencement of construction of the photovoltaic components, especially when we must obtain permits directly from regulators and site control rights directly from third-party landowners. Between our initial investments in solar power plants and their connection to the transmission grid, there may also be other adverse developments to the commercial or operational viability of such solar power plants. The timing gap between our upfront investments and actual generation of revenue, or any added delay in between due to unforeseen events, could also put strains on our liquidity and resources, and materially and adversely affect our business, financial condition and results of operations.

**We may not conduct adequate due diligence of a solar power plant prior to an acquisition that is sufficient to reveal all potential future issues.**

We conduct a due diligence investigation of target solar power plants that we may potentially acquire or otherwise purchase an interest in. Intensive due diligence is time consuming and expensive due to the technical, accounting, financial and legal professionals who are typically required to be involved in the due diligence process. Even if we conduct extensive due diligence on a potential acquisition, we cannot assure you that this due diligence will reveal all material issues that may affect a particular acquisition, or that factors outside the control of the target business and outside of our control will not later arise. If our due diligence review fails to identify issues specific to a potential acquisition or the environment in which the acquisition target operates, we may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges. Even though these charges may be non-cash items and may not have an immediate impact on our liquidity, they could reflect a decrease in the expected future revenues of a solar power plant, and the fact that we report charges of this nature could contribute to negative market perceptions about us or our prospects.

***We may not be able to find suitable sites for the development of solar power plants.***

We select sites for solar power plant development based on criteria such as solar irradiation of the site, meteorological conditions, applicable FITs and government subsidies, and conditions for local grid connection, electricity transmission infrastructure and demand for electricity in the locality, and sites fulfilling these criteria can only be found in a limited number of geographic areas. Our competitors may impede our development efforts by acquiring control of all or a portion of a site we seek to develop. Even when we have identified a desirable site for solar power plant, our ability to obtain land use rights with respect to the site is subject to our ability to finance the transaction and growing competition from other solar power producers that may have better access to local government support, financial or other resources. If we were unable to find or obtain land use rights for suitable sites on commercially acceptable terms, our ability to develop new solar power plants on a timely basis or at all might be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

***We do not own all of the land on which our assets are located, which could result in disruption to our operations.***

We do not own all of the land on which our solar power plants and other assets are located and we are, therefore, subject to the possibility of less desirable terms and increased costs to retain necessary land use if we do not have valid leases or rights-of-way, or if such leases or rights-of-way lapse or terminate. Although we have obtained rights to construct and/or operate these assets pursuant to related agreements or concessions, our rights to conduct those activities are subject to certain exceptions, including the term of the agreement or concession. Our loss of these rights, through our inability to renew right-of-way contracts or otherwise, may adversely affect our ability to operate our solar power plants or other assets.

***Our electricity generation and, in turn, our financial condition and results of operations, depend on the operating performance of our solar power plants.***

As with all solar power companies, our solar power business and our ability to generate revenue depend upon the operating performance of our solar power plants. A solar power plant's non-performance or under-performance will have a direct negative effect on that solar power plant's return on investment, financial condition and results of operations. The ongoing operation of our facilities involves risks that include the breakdown or failure of equipment or processes or performance below expected levels of output or efficiency due to wear and tear, latent defects, design error, operator error or force majeure events, among other things. Our inability to efficiently operate our solar energy assets, manage capital expenditures and costs and generate earnings and cash flow from our asset-based businesses could have a material adverse effect on our business, financial condition, results of operations and cash flow.

***Our project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments.***

Solar power plants depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. Adverse meteorological conditions can have a material impact on the plant's output and could result in production of electricity below expected output, which in turn could adversely affect our profitability. Furthermore, production of solar energy is seasonal, which may create increased demands on our working capital reserves and short-term borrowing capacity during periods where cash generated from operating activities are lower. Although our annual budget takes into account seasonal fluctuations, in the event that our working capital reserves and short-term borrowing capacity are insufficient to meet our financial requirements, or in the event that the restrictive covenants under our financing arrangements restrict our access to such facilities, we may require additional equity or debt financing to maintain our solvency. Additional equity or debt financing may not be available when required or available on commercially favorable terms or on terms that are otherwise satisfactory to us, in which event our financial condition may be materially adversely affected. In addition, we may operate in areas that are under the threat of floods, earthquakes, landslides, mudslides, sandstorms, drought, or other inclement weather and climate conditions or natural disasters. If inclement weather or climatic conditions or natural disasters occur in areas where our solar power plants and project teams are located, project development, connectivity to the power grid and the provision of O&M services may be adversely affected. In particular, materials may not be delivered as scheduled and labor may not be available. As many of our solar power plants are located in the same region, such solar power plants may be simultaneously affected by weather and climate conditions, natural disasters and adverse work environments.

During periods of curtailed activity, we may continue to incur operating expenses. We may bear some or all of the losses associated with such unforeseen events. Moreover, natural disasters which are beyond our control may adversely affect the economy, infrastructure and communities in the locations where we conduct our business operations. Such conditions may result in personal injuries or fatalities or have an adverse effect on our work performance, progress and efficiency.

***Negative economic conditions in the PRC may reduce demand for electricity.***

Demand for electricity in the markets in which we operate is generally influenced by both the local and global macroeconomic environment. Adverse global financial conditions, the slowdown in the growth of the PRC economy generally have resulted in a marked slowdown in global and regional growth as well as economic contractions in certain domestic markets within the PRC. We cannot assure you that such slowdowns will not persist and result in lower demand for electricity produced by us or that any future negative economic downturn will not negatively affect us. Any future global or economic uncertainty may cause a slowdown of economic activity in the PRC and other markets in which we operate, and, in turn, result in a decrease in the demand for and consumption of electricity by end users, which may adversely affect our business, financial condition and results of operations.

***We may be adversely affected by fluctuations in the global economy and financial markets.***

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative and lasting impact on the world economy. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In addition, there is substantial uncertainty relating to the United Kingdom's withdrawal from the European Union in January 2020, commonly referred to as Brexit, or its impact on the economic conditions of other parts 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 remains uncertain. In Europe, several countries continue to face difficulties surrounding sovereign debt. In Asia and other emerging markets some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may slow due to weakened exports as well as the trade war with the United States. In 2018, the United States announced a series of tariffs on imported goods from the PRC. The PRC imposed tariffs on a wide range of products from the United States in retaliation for the new US tariffs. In December 2018, the PRC and the United States commenced negotiations to resolve their trade conflicts. In May 2019, the United States raised additional tariffs on certain goods imported from the PRC, which the PRC government responded by announcing further tariffs on certain goods of US origin. Although the PRC and the United States signed the first stage of a trade deal in January 2020, which, among other things, included a rollback by the United States of some existing tariffs, significant tariffs still remain. It is unclear how much economic relief the first stage of the trade deal will offer, especially given the recent re-escalation of trade tension between United States and the PRC. In July 2020, the United States imposed sanctions on certain Chinese companies from purchasing U.S. technology and products without a special licence. In August 2020, the United States further determined that certain Chinese firms are allegedly owned or controlled by the Chinese military. It remains unclear whether the United States will impose further sanctions on more Chinese companies in the future. Any prolonged tension between the two countries over trade policies could result in further volatility in global markets. It remains uncertain whether or not the PRC and the United States would be able to reach any further trade agreement or otherwise resolve their remaining trade issues in the near future or at all. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact the PRC economy, which in turn could adversely impact our business, financial condition and results of operations.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, the PRC economy and industries in which we operate. Furthermore, any further tightening of liquidity in the global financial markets may negatively affect our access to the capital market and thereby liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be adversely affected.

***Failure to manage our growing and changing business could have a material adverse effect on our business, prospects, financial condition and results of operations.***

We intend to continue to expand our business within the PRC and in a number of new selected markets in the future. As we grow, we expect to encounter additional challenges with our internal processes, external construction management, capital commitment process, project funding infrastructure and financing capabilities. Our existing operations, personnel, systems and internal controls may not be adequate to support our growth and expansion and may require us to make additional unanticipated investments in our infrastructure. To manage the future growth of our operations, we will be required to improve our administrative, operational and financial systems, procedures and controls, and maintain, expand, train and manage our growing employee base. We will need to hire and train project development personnel to expand and manage our project development efforts.

In planning our expansion, we also consider our liquidity position and risk of curtailment of electricity consumption in the regions where we operate. To effectively cope with challenges in our operations, we may enhance our fundamentals by monetizing some of our power plant assets to optimize our capital and debt structure and to improve our liquidity position. For example, during the year ended December 31, 2019, we completed the disposal of certain subsidiaries, including a subsidiary which owned wind power plants with aggregate installed capacity of 96MW in the PRC, two subsidiaries which had investments in joint ventures holding solar power plants with aggregate installed capacity of 270MW in the PRC, and the disposal of our solar power plants located in the UK to an independent third party.

Depending on the market condition, we may from time to time further dispose of our projects or other assets to implement our business strategies and optimize our solar power plant portfolio, and we may recognize gains or losses from such disposals. We cannot guarantee that our disposals will be made at prices that enable us to achieve optimal economic returns. If we incur losses on our disposals, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies successfully or respond to competitive pressures. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***We have not received all requisite government approvals or registrations in obtaining land on which our current solar power projects are located and we may not receive such government approvals or registrations for solar power projects that we may acquire or develop in the future.***

Land use and property development in the PRC are heavily regulated by the PRC government and we are required to comply with various requirements provided by national and local laws and regulations, including the policies and procedures established by local authorities for the implementation of such laws and regulations. In order to develop and operate a solar power project, we are required to obtain various permits, licenses, certificates and approvals from the relevant authorities, including appropriate land use rights certificates. Some of our subsidiaries have not obtained the land use rights certificates for the land on which the solar projects are located.

There are certain defects in the land use rights we have obtained for land we occupy which involve a number of our subsidiaries located in the PRC, and our use of such land is not, or may not be, in compliance with the Land Administration Law (《土地管理法》), as amended, and other applicable rules. We may be subject to fines and other penalties imposed by the relevant governmental authorities due to such defects or non-compliance. A number of our solar power projects are situated on agricultural land, collectively-owned land, government-allocated land and land that is zoned for future development, which is in the process of being re-zoned for our use for solar power project development and operations. The process required to re-zone land and procure the required land use rights generally depends on the type of use for which the land is currently zoned. Re-zoning of agricultural land typically involves paying compensation fees to villagers who occupy the land and approval of re-zoning is also often subject to a vote of affected villagers and to the approval of the related town government. Government allocated land and land zoned for future development is typically required to be re-zoned to granted land before commercial activity can be undertaken on the land, and this involves paying the requisite land premiums to the relevant government authorities.

Although we have taken steps necessary or reasonable to effect the required re-zoning of the aforementioned land and to obtain the relevant land use rights certificates, there may be delays on the part of the administrative bodies reviewing our applications and granting approvals, or there may be other impediments that may prevent us from successfully having such land re-zoned for our use. Solar power projects that we acquire or develop in the future may also be situated on land that has not been re-zoned for our purposes or we may fail to obtain all the permits, approvals or registrations in the process of obtaining the relevant land use rights. If we fail to procure the required re-zoning of land on which our solar power plants are situated or fail to obtain relevant permits, approvals or registrations, we may be compelled to vacate the relevant plot of land and restore the land to the condition it was in prior to our occupation and use, which could materially and adversely affect our business, financial condition and results of operations.

***We have failed to obtain, and may fail to maintain, the approvals, permits, licenses and certificates required for the construction of our solar power projects.***

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for the construction and development of our solar power projects. In general, our solar power projects under construction require, among others, a permit for construction land planning (建設用地規劃許可證), a permit for construction project planning (建設工程規劃許可證) and a permit for commencement of construction work (建築工程施工許可證). Once construction is completed, we must pass relevant completion inspections by a number of governmental authorities in order to obtain various completion certificates for construction work, including a construction completion inspection certificate (建設工程竣工驗收備案證書), a water and soil conservation facility inspection certificate (水土保持設施驗收證明) and a fire control inspection certificate (消防竣工驗收證明). A number of our PRC subsidiaries did not obtain all of the necessary permits for construction work or all of the inspection certificates necessary for construction work. As a result, the relevant government authorities may impose fines on us, order us to suspend construction or demolish completed buildings or structures, or impose other penalties on us with respect to the relevant solar power projects. We may be unable to obtain the relevant approvals, permits, licenses or certificates in a timely manner or at all. Any fines or orders to rectify or demolish non-compliant buildings or structures may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may fail to obtain or maintain the approvals, permits, licenses and certificates required for our business operations in a timely manner.***

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for our business operations. Our solar power projects require, among others, project registration with the competent Development and Reform Commission (“DRC”) and electric power business permits (電力業務許可證) from the relevant provincial or regional energy departments before becoming operational and able to sell electricity to the relevant grids. Procedures for granting such permits vary geographically, and certain projects may not receive their approvals or permits in a timely manner for a variety of reasons. In addition, some of these approvals, licenses, permits and certificates are subject to periodic review and renewal by governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes without substantial advance notice. Any changes in the existing policies in relation to the renewal criteria or standards of compliance may result in our failure to obtain or maintain such approvals, permits, licenses and certificates, which could lead to the imposition of fines and other penalties or incurrence of additional compliance costs which would in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We cannot assure you that we will be able to obtain the required approvals, licenses, registrations, permits and certificates in a timely manner or at all. If we fail to obtain the required approvals, permits, licenses and certificates, we may be subject to fines and penalties imposed by the relevant governmental authorities, which could amount to five times the amount of revenue that has been generated by the relevant project prior to the grant of the necessary registrations or permits in addition to the confiscation of such illegal revenue, and we may be required to suspend the operation of the relevant facilities pending the receipt of the necessary registrations or permits. The applicable PRC laws do not expressly provide the length of such suspension from operations and, as such, any suspension from operations may be for an indefinite period. Any penalties, allegations or proceedings arising from the lack of required approvals, licenses, permits and certificates may have an adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to risks associated with our design, research and development activities.***

We have placed great emphasis on technological innovation and research and consider our design and research capabilities as keys to our success. See “*Business – Our Business – Solar Power Project Acquisition and Development – Solar Power Project Development.*”

There is no guarantee that any of our design, research and development activities would yield meaningful results or generate any revenue. Technical, operational issues or other problems may delay or hinder our design, research and development processes. There is no guarantee that the design of our photovoltaic station or solar power plant suits the local conditions and environmental characteristics of the relevant regions. The growth of our revenue and profits in the future will heavily depend on the grid capacity generated from each of our solar power plants. If we fail to design, research and develop a suitable photovoltaic station or solar power plant, our business profitability and financial condition may be materially and adversely affected.

***Failure of our PRC resident beneficial owners to fulfill their registration obligations under PRC regulations relating to the establishment of offshore special purpose companies may materially and adversely affect our business operations.***

On October 21, 2005, the State Administration of Foreign Exchange (the “SAFE”) issued the Circular Regarding Certain Administrative Measures on Financing and Round-trip Investment by PRC Residents through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》)(the “Circular 75”), which became effective on 1 November 2005. On July 4, 2014, Circular 75 was superseded by the Circular Regarding Certain Administrative Measures on Offshore Investing and Financing and Round-trip Investment by PRC Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)(the “Circular 37”) issued by SAFE. Circular 37 requires PRC residents, including both legal and natural persons, to register with the local SAFE branch before making capital contribution to any company outside of China (an “offshore SPV”) with onshore or offshore assets and equity interests legally owned by PRC residents. In addition, any PRC resident who is the shareholder of an offshore SPV is required to update its SAFE registration with the local SAFE branch with respect to that offshore SPV in connection with change of basic information of the offshore SPV, such as its company name, business term, shareholding by PRC resident, merger, division and, with respect to the PRC resident, in case of any increase or decrease of capital in the offshore SPV, or transfer of shares or swap of shares by the PRC resident. On February 13, 2015, the SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which authorizes banks to conduct such SAFE registrations instead of local SAFE branches. Failure to comply with the required SAFE registration or update requirements described above may result in restrictions being imposed on the foreign exchange activities of the PRC subsidiaries of such offshore SPV, including increasing the registered capital of, making payment of dividends and other distributions to, and the receipt of capital inflows from, the offshore SPV. Failure to comply with Circular 37 may also subject relevant PRC residents or the PRC subsidiaries of such offshore SPV to penalties under PRC foreign exchange administration regulations for evasion of applicable foreign exchange restrictions.

Our PRC resident beneficial owners, through certain offshore SPVs, indirectly hold shares of equity in us, a company registered in Bermuda and listed on the Hong Kong Exchange. Not all of our PRC resident beneficial owners may have duly fulfilled their registration obligations under Circular 37. In case of failure of registration with SAFE under Circular 37 by our PRC resident beneficial owners, our PRC subsidiaries may not be able to remit foreign currency payment out of China, which may materially and adversely affect our business operations and financial status and our ability to make payments under the Bonds.

***Our future success depends significantly on the continued service of our senior management team and our ability to attract, train and retain qualified personnel.***

The industry experience, expertise and contributions of our Chairman, Mr. Zhang Ping, and Chief Executive Officer, Mr. Zhu Jun, and our senior management team are essential to our continuing success. We will continue to rely on the contributions of our senior management, regional management

and other key employees to implement our growth plans. If we were to lose the services of any of our senior and regional management members and were unable to train or recruit and retain personnel with comparable qualifications, the management and growth of our business could be adversely affected.

Our success is also largely attributable to the qualified and experienced project development teams that we have been able to train, attract and retain in the past. We may not be able to continue to train, attract and retain high quality personnel, including executive officers, project development personnel, project management personnel and other key qualified personnel who have the necessary experience and expertise. In particular, as we plan to enter new markets in the PRC and in other countries, we expect to face challenges in finding and retaining qualified local personnel who are familiar with local regulatory regimes and adequately experienced in project development and operations.

There is substantial competition for qualified personnel in the downstream solar power industry. Our competitors may be able to offer more competitive packages, or otherwise attract our personnel. If any of our senior management or key employees were to join a competitor or form a competing company, we may lose customers, suppliers, know-how, key professionals and key staff members. Our costs to retain qualified personnel may also increase in response to competition. If we fail to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labor force on a continuous basis, our business operations could be adversely affected and our future growth and expansions may be inhibited.

***If sufficient demand for solar power plants does not develop or takes longer to develop than we anticipate, our business, financial condition, results of operations and prospects could be materially and adversely affected.***

Many factors may affect the demand for solar power plants, including:

- the cost and availability of credit, loans and other forms of financing for solar power plants;
- fluctuations in economic and market conditions that affect the viability of conventional and non-solar renewable energy sources;
- the cost effectiveness of solar power plants compared to conventional and other non-solar energy sources;
- the performance and reliability of solar power plants compared to conventional and other non-solar energy sources;
- the availability of grid capacity to dispatch power generated from solar power plants;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- public perceptions of the direct and indirect benefits of adopting renewable energy technology;
- the success of other alternative energy generation technologies, such as fuel cells, wind power and biomass;
- regulations and policies governing the electric utility industry that may present technical, regulatory and economic barriers to the purchase and use of solar energy; and
- the deregulation of the electric power industry and the broader energy industry.

If market demand for solar power plants fails to develop sufficiently, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***We must maintain grid connection for solar power plants to continue operating.***

When we develop and construct solar power plants, before obtaining the project approval of the NDRC or the relevant provincial DRC, we must first obtain the relevant local grid company's consent to connect our solar power plants to the local company's grid. Obtaining the grid company's consent to such connection may depend on a number of factors, including the availability and the reliability of existing grids, the progress of construction and upgrade of local grids, the distance of our proposed solar power plants from the local grids and the cost of these grid connection facilities. Furthermore, solar power plants and other energy facilities of our competitors located in sites near our solar power plants may compete with us to secure grid connection. Many of these factors are beyond our control, and there is no assurance that it will be able to obtain all necessary consents for our new solar power projects in a timely manner, or at all. Failure to obtain grid company consent to connect to its grid may delay or prevent the development of our solar power projects.

Similarly, once connected to the local grid, our solar power plants depend on electric interconnection and transmission facilities owned and operated by others to deliver the electricity we intend to sell. A failure or delay in the operation or development of these interconnection or transmission facilities or a significant increase in the cost of the development of such facilities could result in the loss of revenues. Similarly, if a transmission network to which one or more of our existing or future solar power plants is connected experiences "down time," the affected project may lose revenue as a result. Such failures or delays could limit the amount of power our operating facilities deliver or delay the completion of our construction projects, as the case may be. If a region's electric transmission infrastructure is inadequate, our recovery of wholesale costs and profits may be limited. Consequently, such failures, delays, increased costs or inadequacies could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Curtailed of the electricity we produce by PRC government entities could have an adverse effect on our business, financial condition, and results of operations***

In order for us to successfully distribute and sell electricity, the local grids to which our solar plants are connected must have the capacity to off-take our electricity and distribute it to its customers. This requires a stable connection to the transmission and distribution network of the local grid in the localities we operate as well as the capacity of the grid to absorb and transmit our electricity. Grid absorption constraints have been an issue in the PRC where limited grid capacity due to, among other things, obsolete transmission equipment, has resulted in the inability of some grids to absorb large amounts of the electricity we produced. Since 2014, the amount of power generated in the PRC has been increasing at a faster rate than the amount of electricity consumed, but the excess amount of electricity generated cannot be transmitted to regions that need more electricity because of transmission difficulties. This, in turn, has led to PRC government entities and regulators to enact a curtailment process in situations where solar power on the local grid exceeds total grid demand and/or capacity. Although the PRC government is accelerating the construction of the transmission and distribution network to minimize future power curtailment, we cannot assure you that our solar power plants will not be affected by such curtailment programs. Any prolonged implementation of curtailment programs that apply to our solar power plants could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We face significant competition in the markets in which we operate.***

We face competition from local and international developers of solar power plants, many of whom are integrated with upstream manufacturers, and other renewable power producers, such as wind and hydro power producers. We believe our main competitors in the solar power industry are large state-owned solar power producers including China Energy Investment Group (國家能源投資集團), State Power Investment Corporation (國家電投集團), China Huaneng Group (中國華能集團), China Huadian Corporation (中國華電集團), China Three Gorges Corporation (中國長江三峽集團), China Datang Corporation (中國大唐集團), China National Nuclear Corporation (中國核工業集團) and China General Nuclear Power Corporation (中國廣核集團), among others. We also face indirect competition

in circumstances where large local and multinational corporations operating in the PRC establish their own distributed solar power projects. For instance, companies such as Haier, Volkswagen and Coca-Cola have established solar power plants of under 20MW for use in their own operations in the PRC.

We also compete with utilities generating power from conventional fossil fuels and other sources of renewable energy, including diversified but wind focused power producers, such as Huadian Fuxin Energy Corporation Limited and Huaneng Renewables Corporation Limited, the larger publicly listed diversified wind focused power producers. We compete with these traditional utilities primarily based on price, predictability of price and the ease with which customers can switch to electricity generated by our solar power plants. If we cannot offer compelling value to our customers based on these factors, then our business will not grow. Traditional utilities generally have substantially greater financial, technical, operational and other resources than we do, and as a result may be able to devote more resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can.

Our market position depends on our financing, development and operational capabilities, reputation, and experience. Some of our competitors, including, in particular, large state-owned enterprises, may have advantages over us in terms of greater operational, financial, technical, management or other resources in particular markets or in general. Our competitors' longer operating history in some cases may provide them with a competitive advantage. In addition, our competitors may have stronger relationships or may enter into exclusive relationships with some of the key customers. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of their products than us. If we fail to adapt to changing market conditions and to compete successfully with existing or new competitors, this may materially and adversely affect our financial condition and results of operations. Our competitors may also enter into strategic alliances or form affiliated companies with other competitors to our detriment. Suppliers or contractors may merge with our competitors, and may also provide them cost efficiencies that put us at a competitive disadvantage which may limit our choices of contractors, and hence the flexibility of our overall project execution capabilities. We cannot assure you that our current or potential competitors will not offer solar power plants or services comparable or superior to those that we offer at the same or lower prices or that they will not adapt more quickly than we do. Increased competition may result in price reductions, reduced profit margins and loss of market share.

***We may fail to keep pace with technological changes in the rapidly evolving renewable energy industry.***

The technologies used in the renewable energy industry are evolving rapidly, and in order to maintain our competitiveness and expand our business we must be able to respond to these technological changes. We may be unable to update our technologies swiftly and regularly, possibly rendering our operations less competitive. Failure to respond to current and future technological changes in the renewable energy industry in an effective and timely manner may have a material adverse effect on our business, financial condition or results of operations.

***Solar power project development and construction is challenging and may ultimately not be successful, which can have a material adverse effect on our business, financial condition and results of operations.***

The development and construction of solar power plants involve numerous risks and uncertainties and require extensive research, planning and due diligence. We may be required to incur significant amounts of capital expenditure for land and interconnection rights, preliminary engineering, permitting, legal and other expenses before we can determine whether a solar power plant is economically, technologically or otherwise feasible. Success in developing a particular solar power plant is contingent upon, among other things:

- securing suitable project sites, necessary rights of way, and satisfactory land use rights in the appropriate locations with capacity on the transmission grid;
- negotiating and receiving required permits and approvals for project development from government authorities on schedule, including procuring rights to interconnect the solar power plant to the electric grid or to transmit energy;
- negotiating satisfactory engineering, procurement and construction agreements and favorable payment terms with suppliers;
- signing PPAs or other arrangements that are commercially acceptable;
- obtaining construction financing, including debt financing and our own equity contribution; and
- completing construction on schedule.

Successful completion of a particular solar power plant may be adversely affected by numerous factors, including without limitation:

- unanticipated changes in project plans or defective or late execution;
- difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- the inability to procure adequate financing with acceptable terms, especially for engineering, procurement and construction;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls or delays;
- labor, equipment and materials supply delays, shortages or disruptions, work stoppages or unexpected price increases;
- adverse weather, environmental and geological conditions, force majeure and other events out of our control; and
- cost overruns due to any one or more of the foregoing factors.

Accordingly, some of the solar power plants in our pipeline may not be completed or even proceed to construction. If a number of solar power plants are not completed, our business, financial condition and results of operations could be materially and adversely affected.

***We may not be able to meet intended targets for operational power installed capacity completed with approval for on-grid connection.***

As of December 31, 2020, we owned and operated 61 solar power plants in 17 regions in China with an aggregate installed capacity of approximately 2,070.4MW. We may, from time to time formulate and will strive to achieve our targets for operational power installed capacity completed with approval for on-grid connection (“**Grid-connected Capacity**”). However, we may not be able to achieve such targets because:

- there may be unexpected delays in the development and construction of projects as we may need additional time to locate quality projects, with lower land costs and other soft costs to maximize the return;



- we may experience delays in the connection of our power plants to the national grid due to the NDRC requirements; and
- we may delay the delivery schedule of balance-of-system components and solar modules in light of foreseeable downward adjustments to on-grid tariffs arising from the notice in relation to the NDRC's 5-year annual downward adjustment to on-grid tariffs.

We cannot assure you that we will be able to meet our targets for Grid-connected Capacity or other performance targets, which could in turn have a material adverse effect on our profitability and growth in revenue.

***We are subject to inherent project risks.***

We face certain risks when we undertake any project. Before commencement of each project, a budget based on the size and scale of the project would be drawn up. However, we may face cost overruns when the actual cost exceeds our budget. This could be due to a variety of factors, including under-estimation of the costs involved, extension of project duration and unforeseen circumstances such as unanticipated construction issues. Such cost overruns may, depending on their severity, result in a reduction of our profit margins or a loss.

***We are subject to stringent environmental regulations that may affect our profitability and results of operations.***

Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers to the construction and operation of our photovoltaic power plants, which may significantly reduce our profitability. Installation of photovoltaic power systems is subject to oversight and regulation in accordance with international and local ordinances, building codes, zoning, environmental protection regulation, utility interconnection requirements and other rules and regulations. For example, various governmental, municipal and other regulatory entities subject the installation and operation of the plants, and any other component of our solar power plants, to the issuance of relevant permits, licenses and authorizations, as well as to ongoing oversight. If such permits, licenses and authorizations are not issued in a timely fashion or are issued and later revoked, this could result in the interruption, cessation or abandonment of one or more of our solar power plants, or may require making significant changes to one or more of our solar power plants, any of which may cause severe losses. Similarly, violation of such regulations may give rise to significant liability, including fines, damages, fees and expenses, and site closures. These governmental authorities may also impose a tax or other liens on the responsible parties to secure the parties' reimbursement obligations.

Environmental regulation has changed rapidly in recent years, and it is possible that we will be subject to even more stringent environmental standards in the future. For example, our activities are likely to be covered by increasingly strict national and international standards relating to climate change and related costs, and may be subject to potential risks associated with climate change, which may have a material adverse effect on our business, financial condition or results of operations. We cannot predict the amounts of any increased capital expenditures or any increases in operating costs or other expenses that we may incur to comply with applicable environmental, or other regulatory, requirements, or whether these costs can be passed on to our counterparties through price increases.

***We may be subject to unforeseen costs, expenses or liabilities when operating and maintaining our solar power plants.***

We perform scheduled and unscheduled maintenance for our solar power plants and subcontract certain on-the-ground O&M services, including security and repair, to third parties, who may not perform their services adequately.

If we or our third-party contractors fail to properly operate and maintain our solar power plants, the solar power plants may experience decreased performance levels, reduced useful life or shutdowns. Through changes in our own operation or in local conditions, the costs of operating a project may increase, including costs related to labor, equipment, insurance and taxes. If our contractors are careless or negligent, resulting in damage to third-parties, we may become liable for any resulting damage. We may also experience equipment malfunction or failure, leading to unexpected maintenance needs, unplanned outages or other operational issues. In addition, inconsistencies in the quality of solar panels, PV modules, and balance of system components or maintenance services for our solar power plants may affect the system efficiency of our solar power plants. We may also encounter difficulties selling electricity to the power grid due to failures in infrastructure or transmission systems. To the extent that any of the foregoing affects our ability to sell electricity to the power grid, or we incur increased costs in relation to operating and maintaining solar power plants, our business, financial condition and results of operation could be materially and adversely affected.

***Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards.***

Our main assets include solar power plants and interconnection infrastructure. Operating these assets involves risks and hazards that may adversely affect our operations, including equipment failures, natural disasters, environmental hazards and industrial accidents. These and other hazards can cause significant personal injury or death, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. We may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require us to make indemnification payments in accordance with applicable laws. We carry business interruption insurance for the majority of our solar power plants. We have also entered into insurance policies to cover certain other risks associated with our business including machinery insurance, employer liability insurance and public liability insurance. While we believe this insurance coverage is commensurate with our business structure and risk profile, there is no assurance that our current insurance policies will fully insure us against all risks and losses that may arise in the future. In addition, our insurance policies are subject to annual review by our insurers, and there is no assurance that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeded the limits of our insurance policies, it could have a material adverse effect on our business, financial condition or results of operations.

***We are subject to counterparty risks under our equity transfer agreements, our PPAs and FIT support schemes.***

Some of our solar power plants were acquired from third-parties, with whom we have entered into equity transfer agreements, pursuant to which we acquire their equity interests in project companies that own and operate the solar power plants. Often, the project companies owning the solar power plants have had entered into grid connection agreements and PPAs with offtakers but have not obtained the required government approvals for the receipt of national tariff for the electricity generated prior to such third parties selling their shares in the project company to us. In such instances, the equity transfer agreements typically provide for a downward adjustment in consideration payable by us if the government approvals for such tariff adjustments are not obtained. If these third parties do not perform their minimum annual electricity output guarantees and compensate us for losses suffered due to a shortfall of electricity produced or do not refund to us amounts paid to account for downward adjustments of consideration payable for their solar power plants in circumstances where government approvals for tariff adjustments are not obtained, our results of operations and financial condition may be materially and adversely affected.

We generate revenue by selling electricity primarily pursuant to FIT price support schemes and PPAs, which subject us to counterparty risks with respect to local power grid companies and regulatory regimes. Our FIT price support schemes and PPAs in the PRC are generally signed with a limited

number of local power grid companies, all of which are PRC state-owned companies. We rely on these local power grid companies and the relevant PRC government entities to fulfill their responsibilities for the full and timely payment of our tariffs. In addition, the relevant regulatory authorities may retroactively alter their FIT price support regimes in light of changing economic circumstances, grid curtailment, policy risk, changing industry conditions or for any number of other reasons. If the relevant PRC government authorities or the local power grid companies do not perform their obligations under the FIT price support schemes and PPAs but we are unable to enforce our contractual rights, our results of operations and financial condition may be materially and adversely affected.

***If we fail to comply with the financial and other covenants under our loan agreements, our financial condition, results of operations and business prospects may be materially and adversely affected.***

We enter into loan agreements containing financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on the disposition of our assets, the conduct of our business or our PRC subsidiaries' abilities to pay dividends or give prior notification for certain events. We may not be able to comply with some of those financial and other covenants from time to time. In addition, we typically provide pledges over our solar power plant assets or land use rights or over our account or trade receivables or over our subsidiaries' equity interest to raise debt financing, and we are restricted from creating additional security over our assets. Such account or trade receivables will include all income generated from the sale of electricity of the solar power plants. If we are in breach of one or more financial or other covenants or negative pledge clauses or other obligations under any of our loan or other financing agreements and are not able to obtain waivers from the relevant lenders or prepay such loan, this breach would constitute an event of default under the relevant loan or other financing agreement. As a result, repayment of the indebtedness under the relevant loan or other financing agreement may be accelerated, which may in turn require us to repay the entire principal amount, including interest accrued if any, of certain of our other existing indebtedness prior to their maturity under the cross-default provisions of our other financing agreements. If we are required to repay a significant portion or all of our existing indebtedness prior to its maturity, we may lack sufficient financial resources to do so. In that case, the relevant pledgees may auction or sell the assets or interest of our solar power plants to enforce their rights under the pledge contracts and loan agreements. Any of those events could have a material adverse effect on our financial condition, results of operations and business prospects.

***Our indebtedness could adversely affect our business, financial condition and results of operations.***

We require a significant amount of capital to meet our capital requirements and fund our operations, including payments to suppliers for PV modules and balance of system components and to contractors for design, engineering, procurement and construction services. We believe our indebtedness will increase as we expand our business operations. As of December 31, 2020, we had approximately RMB5,305 million outstanding current liabilities of bank and other borrowings and approximately RMB12,284 million outstanding non-current bank and other borrowings. Subsequent to December 31, 2020, we have incurred indebtedness in the ordinary course of business and also for refinancing purposes. The amount of our debt could have significant consequences on our operations, including:

- reducing the availability of our cash flow to provide working capital for capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations;
- limiting our ability to obtain additional financing;
- increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our indebtedness could have an adverse effect on our business, financial condition and results of operations as well as our ability to meet our debt payment obligations. Our ability to meet the payment obligations of our outstanding debt depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control.

***If we fail to maintain an effective system of internal control over financial reporting, we may lose investor confidence in the reliability of our financial statements.***

We are a public company listed on the Hong Kong Stock Exchange and are subject to reporting obligations and internal control requirements under applicable listing rules of the Hong Kong Stock Exchange. If we fail to maintain effective internal control over financial reporting, this could result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our stocks. As a result, our financial condition and results of operations could be materially and adversely affected.

***We are subject to risks associated with fluctuations in the prices of PV modules and balance of system components or in the costs of design, construction and labor.***

We generally engage EPC contractors to develop our solar power plants. Our EPC contractors are typically responsible for sourcing all the necessary components and materials required for construction, the cost of which are built into a fixed fee that we have mutually agreed upon prior to the commencement of the construction of the solar power plants. Although we do not have to pay any additional amounts to our EPC contractors if the prices of components or materials were to rise after the fixed fee has been agreed upon, we expect an increase in the prices of system components or in the costs of design, construction and labor to result in an increase in the fixed fees we have to pay our EPC contractors for prospective solar power plant development. If electricity prices do not increase at a rate commensurate with the prices of such components or materials, future solar power plant development may not be profitable for us.

We also procure supplies and spare parts for the operation and maintenance of our solar power plants, including PV modules and balance of system components, from third-party suppliers. We generally do not maintain long-term contracts with our suppliers that commit to fixed prices. Increases in the prices of system components or fluctuations in labor and installation costs may increase the cost of procuring equipment and engaging contractors, which could materially and adversely affect our results of operations.

***If we fail to comply with governmental procurement laws and regulations, we could lose business and be liable for various penalties or sanctions.***

We must comply with relevant laws and regulations relating to the formation, administration and performance of government contracts. These laws and regulations affect how we conduct business with our government customers. Failure to comply with these laws and regulations can lead to contractual damages or severe penalties, both civil and criminal, or suspension and disqualification from contracting with the local governments. For example, if a company makes an incorrect, false or fraudulent claim to the government for payment or approval, it could be subject to potentially substantial penalties. If we fail to comply with these laws and regulations, our reputation may be damaged, which could impair our ability to secure government contracts in the future or renew existing contracts. A determination of non-compliance with applicable contracting and procurement laws, regulations and standards could also result in the local governments imposing penalties and sanctions against us, including suspension of payments and increased government scrutiny that could delay or adversely affect our ability to invoice and receive timely payment on contracts, perform contracts, or compete for contracts with the local governments in future. Any of the above could have a material and adverse impact on our business, financial condition, results of operations and prospects.

***Our facilities are subject to governmental actions on urban planning and re-development which may result in expropriation and unilateral termination of our facilities without adequate compensation.***

Our facilities in China are subject to political and regulatory uncertainties relating to urban planning, zoning and re-development, and may be affected by government actions to cancel contracts, renounce or default on contractual obligations, renegotiate terms unilaterally, or expropriate assets from time to time with little, if any, prior notice. There can be no assurance that we will identify and acquire the required land as per our schedule of implementation. Furthermore, there can be no assurance that the operations of our remaining facilities will not be suspended or terminated by the government due to changes in urban planning or other regulatory or policy reasons in the future. In the event of any suspension or termination, we may experience a material decrease in revenues and profits. Moreover, legal or financial remedies available to compensate us for expropriation or other governmental takings may be inadequate, which could result in the total loss of an investment in our facilities. Any of these could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We have substantial shareholders that may exert substantial influence over us and may not act in the best interests of our independent shareholders or the Bondholders.***

As of December 31, 2020, China Merchants New Energy Group Limited (“CMNEG”) and other parties deemed to be acting in concert with CMNEG had a total interest of approximately 16.67% of our then outstanding shares. On November 19, 2019, we entered into the Subscription Agreement with Beijing Energy Investment Holding (Hong Kong) Co., Limited, pursuant to which Beijing Energy Investment Holding (Hong Kong) Co., Limited has agreed to subscribe for 7,176,943,498 of our shares at a total price of HK\$1,794.2 million. Beijing Energy Investment Holding (Hong Kong) Co., Limited would become our largest shareholder upon completion of such subscription. On February 18, 2020, we issued 7,176,943,498 ordinary Shares to Beijing Energy Investment Holding (Hong Kong) Co., Limited at the subscription price of HK\$0.25 per ordinary Share. Subject to our bye-laws and applicable laws and regulations, our substantial shareholders will, through their representatives in our Board of Directors or by voting at the general meetings of shareholders, be able to influence our major corporate policy decisions, including our senior management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our bye-laws and other actions that require the approval of our Board of Directors and shareholders. The interests of our substantial shareholders may not necessarily be aligned with the interests of our shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in the control of us. We cannot guarantee that our substantial shareholders will influence us to pursue actions that are in the best interests of the other shareholders.

***Unauthorized use of our technical processes or know-how or any claims or litigation that we may initiate in the future to protect our intellectual property or other proprietary commercial information may have a material adverse impact on our business.***

Our business relies substantially on a combination of trade secrets, technical processes, know-how and other proprietary information. See “Business – Intellectual Property.” Our proprietary information has contributed significantly to the efficiency of our facilities, the quality of our operation and our ability to secure new projects and purchase orders. Such information is subject to risks of disclosure, misappropriation or misuse. If we fail to protect our intellectual property or rights adequately, our competitors might gain access to our technology. We cannot guarantee that the steps we have taken will prevent unauthorized use or misappropriation of our technology. Monitoring unauthorized use of our intellectual property is difficult and expensive, and we may not be able to immediately detect the unauthorized use of our intellectual property and proprietary information and take remedial steps to protect our rights. Additionally, applicable laws may not fully protect our intellectual property rights or proprietary information. Any claims or litigation that we may initiate in the future to protect our intellectual property rights or proprietary information could be time-consuming and expensive, diverting resources from our business regardless of whether or not the disputes are decided in our favor.

Moreover, any significant infringement upon our intellectual or other proprietary rights could weaken our competitive position, increase our operating costs and have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may infringe on the intellectual property rights of others, and we may face claims that may be costly to resolve or limit our ability to use such technology in the future.***

As we expand our business, third parties may assert that our technologies or techniques violate their intellectual property rights. Successful intellectual property claims against us could result in significant financial liability or prevent us from operating our business or parts of our business. Despite our efforts to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licenses or cease significant portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of their merits, such claims could adversely affect our relationships with current or future customers, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licensing agreements or require us to cease certain activities. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

***We may be involved in disputes or legal and other proceedings arising out of our operations from time to time.***

We may be involved in disputes with various parties, including local governments, suppliers, customers, brokers and contractors. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties or delay or disrupt the development and operations of our facilities. In particular, resolution of disputes with any governmental entities may be costly and difficult. Any disputes with governmental entities could potentially lead to revocation of necessary permits or our PPAs with the state-owned grid companies if the disputes are not successfully resolved and it may take a substantially longer period of time to resolve such disputes than disputes with private counterparties. Our remedies for contractual breaches by governmental counterparties may be limited or unavailable because the contractual parties are public entities, making it difficult and time consuming to enforce any claims against them through legal proceedings. In some circumstances, governmental entities may require us to change our construction methods, operation or other performance terms, or direct us to redesign our projects or purchase specific equipment or undertake additional obligations, thereby subjecting us to additional costs. Resolution of any disagreement with such counterparties with respect to such changes may be costly and time-consuming. If the governmental entities change or terminate any contract with us, our revenues could be reduced, our business plans may be adversely affected and our business, financial condition, results of operations and prospects may be materially affected.

***Certain facts, forecasts and statistics are derived from publications not independently verified by us, the Sole Lead Manager or our or its advisors.***

Facts and other statistics in this offering memorandum relating to China's and global overall economy and the industry in which we operate are derived from publicly available sources. While we have taken reasonable care to ensure that the facts, forecasts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Sole Lead Manager or our or its advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the

same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

### ***Risks Relating to Conducting Business in the PRC***

Substantially all of our assets are located in the PRC and our revenue is likewise sourced almost exclusively from the PRC. Accordingly, our results of operations, financial position and prospects are directly affected by the economic, political and legal developments in the PRC.

### ***We may be deemed PRC resident enterprises under the EIT Law and be subject to PRC taxation on their worldwide income.***

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and the related regulations, enterprises organized under the laws of jurisdictions outside the PRC with their “de facto management bodies” located within the PRC may be considered PRC “resident enterprises” and subject to 25% PRC income tax on their worldwide income, although dividends paid from one resident to another may qualify as “tax-exempt income.” The implementation rules to the EIT Law define the term “de facto management body” as a “body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise.” A circular issued by the State Administration of Taxation on April 22, 2009 (《國家稅務總局關於境外註冊中資控股企業實際管理機構標準認定為居民企業有關問題的通知》) provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are primarily located within the PRC; (ii) financial and human resources decision 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’ meeting are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within the PRC. The State Administration of Taxation issued a circular (《境外註冊中資控股中資居民企業稅務管理辦法(試行)》), which became effective on September 1, 2011, and provides that a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a “resident enterprise” and thus subject to the EIT Law. As confirmed by us, up to the date of this Offering Memorandum, we have not been noticed or informed by the PRC tax authorities that we are considered as a resident enterprise for the purpose of the EIT Law. However, there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law, any aforesaid circulars or any amended regulations in the future. If we were treated as a PRC “resident enterprise,” we will be subject to PRC income taxes at the rate of 25% on its worldwide income, which may adversely affect our profitability and distributable profit to shareholders.

### ***PRC economic, political and social conditions as well as government policies could affect our business.***

As of the date of this Offering Memorandum, substantially all of our business operations are conducted in the PRC, and we expect most of our sales will continue to be made in the PRC. Accordingly, we expect our business, financial condition, results of operations and prospects to be affected significantly by the economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- the overall structure;
- the level of government intervention;
- the level of development;

- the overall growth rate of the economy as a whole;
- the level of control over capital investment;
- the level of control of foreign exchange; and
- the allocation of resources.

While the PRC's economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC'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 emphasizing the utilization of market forces in the development of the PRC's economy. However, since early 2004, the PRC government has implemented certain measures in order to prevent the PRC's economy, including the property market, from overheating. These measures may cause a decrease in the overall level of economic activity, including the demand for our products and business, and may also have an adverse impact on economic growth in the PRC. In addition, a substantial portion of the productive assets in the PRC are still owned by the PRC government. The continued control of these assets and other aspects of the national economy by the PRC government could have an adverse impact on the PRC's economy and in turn could materially and adversely affect our business. The PRC government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Economic conditions in the PRC are also 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. If China's economic growth slows or if the PRC's economy experiences a recession, the demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected.

In addition, the demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- the imposition of additional restrictions on currency conversion and remittances abroad.

***Inflation in China may have a material adverse effect on our business, financial condition and results of operations.***

While the PRC's economy has experienced rapid growth, such growth has been uneven among the various sectors of the economy and in different geographic areas of the country. Rapid economic growth can lead to growth in the money supply and inflation. If the prices of our properties rise at a rate that is insufficient to compensate for the rise in our costs, then our business, financial condition



and results of operations may be materially and adversely affected. To control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such restrictive measures can lead to a slowdown in the economic growth and may materially and adversely affect our business, financial condition and results of operations.

***Governmental control of currency conversion may limit our ability to use capital effectively.***

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive the majority of our revenues in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign-currency-denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local SAFE branch by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign-exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us. The PRC government may also at its discretion restrict access in the future to foreign currencies for current-account transactions. If the foreign-exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

***The labor contract law and other labor laws and regulations in the PRC may adversely affect our business and profitability.***

The Labor Contract Law (《勞動合同法》) promulgated in the PRC on June 29, 2007 and amended on December 28, 2012, effective on July 1, 2013, imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, the hiring of temporary employees and dismissing employees. Pursuant to the Labor Contract Law, an employer is required to make severance payments to a fixed-term contract employee when the term of their employment contract expires, regardless if the employee refuses to renew the contract or if the new contract contains better terms than the lapsed contract. Generally, the amount of severance payable is equal to the monthly wage of the employee multiplied by the number of full years that the employee worked for the employer. A minimum wage requirement has also been incorporated into the Labor Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), which came into effect on January 1, 2008, employees who have continuously worked for more than one year are entitled to a paid annual leave ranging from five to 15 days, depending on their length of service. Employees who agree to waive part or all of their annual leave entitlement at the request of their employers must be compensated with three times their normal daily salaries for each day of annual leave entitlement being waived. Under the National Leisure and Tourism Outline 2013-2020 (《國民旅遊休閒綱要2013-2020》), effective on February 2, 2013, employers are required to provide employees paid annual leave by 2020. As a result of the Labor Contract Law and related regulations, our labor costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could have a material adverse effect on our business, financial condition or results of operations.

In addition, in accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social insurance schemes, including medical, maternity, work-related injury, unemployment and pension insurance, and to the employee-housing provident fund. We also provide social insurance and contribute to the housing provident fund for our employees. However, the interpretation and implementation of PRC labor laws and regulations is still evolving and we cannot assure you that our employment practices will at all times be deemed fully compliant with local PRC

government authorities' interpretation and implementation of relevant PRC labor laws and regulations. Changes in labor laws or regulations in the PRC may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. Any failure to comply with such labor regulations may result in penalties, revocation of permits or licenses for our operations or litigation, and as a result, our business, financial condition and results of operations could be materially and adversely affected.

***Uncertainty with respect to the PRC legal system could adversely affect us and may limit the legal protection available to you.***

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Even where adequate laws exist in China, the enforcement of existing laws, or contracts based on existing laws, may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after having violated them. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. All these uncertainties could limit the legal protection available to foreign investors, including investors in the Bonds.

***It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce any judgments or arbitral awards against us or them in the PRC that are obtained from non-PRC courts or arbitration tribunals.***

A majority of our senior management members reside in mainland China, and substantially all of their and our assets are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon them or us inside mainland China, or to enforce any judgments or arbitral awards against them or us in mainland China that are obtained from non-PRC courts or arbitration tribunals. 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決的安排)(the “**Arrangement**”), final judgments of payment with executive force made by Hong Kong courts are likely to be recognized 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. In addition, on January 18, 2019, the Supreme People's Court of China (the “**SPC**”) and the Hong Kong Government signed 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 (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the “**New Arrangement**”). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and Hong Kong after SPC issues the judicial interpretation and Hong Kong completes relevant procedures. Notwithstanding the Arrangement and the New Arrangement, the PRC courts may have limited experience on handling enforcement of a non-PRC law governed or non-PRC entity-related debt, guarantee or similar obligations. In addition, 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 or meets other circumstances specified by the Arrangement or the New Arrangement when it comes into force. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of Bermuda, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court outside the PRC in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. Under the current arrangement for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, Hong Kong arbitral awards should generally be enforceable in the PRC. However, there are generally practical or other difficulties in enforcing, through a PRC court, the arbitral awards obtained in an arbitration in Hong Kong or other non-PRC jurisdictions.

***Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC.***

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of floods, earthquakes, sandstorms, snowstorms, fire, droughts or epidemics. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

**Risks Relating to the Bonds**

***Some of our subsidiaries that operate solar power plants are subject to financing arrangements that allow the creditors to prohibit or limit the relevant subsidiary from paying dividends or otherwise distributing funds to its parent company or other group entities upon occurrence of an event of default or until the arrangements are fully repaid or the prohibitions or limitations are otherwise waived.***

Some of our subsidiaries that operate solar power plants are subject to financing arrangements that provide the creditors the right to require the subsidiaries to pay income to the creditors before paying dividends or otherwise distributing funds to their parent companies or other group entities until the arrangements are fully repaid. As a result thereof, our ability to access cash generated by our project companies may be limited if the creditors enforce their rights. Unless the subsidiaries are able to service such financings, repay such financings or otherwise seek creditor accommodations to access such cash, our ability to fund its liquidity needs, including interest and principal payments due under the Bonds, may be limited. In addition, for as long as the payment of dividends from such subsidiaries are subject to restrictions, the income generated by such subsidiaries will not contribute to our consolidated net income. This may restrict our ability to incur debt and will force us to operate in a more constrained manner. See “– *Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.*”

***We are a holding company and payments with respect to the Bonds are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.***

We are a holding company with no material operations. The Bonds will not be guaranteed by any current or future subsidiaries. Accordingly, our ability to pay principal and interest on the Bonds will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of our subsidiaries and any holders of preferred shares in such entities, would have a claim on the subsidiaries’ assets that would be prior to the claims of holders of the Bonds. As a result, our payment obligations under the Bonds will be effectively subordinated to all existing and future obligations of our subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our

creditors, including holders of the Bonds. As of 31 December 2020, our Subsidiaries had total liabilities in the amount of RMB16,960 million and capital commitments in the amount of RMB183 million. In addition, our secured creditors would have priority as to our assets securing the related obligations over claims of holders of the Bonds.

***We have indebtedness and may incur additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.***

We now have, and will continue to have after the offering of the Bonds, a substantial amount of indebtedness. Our total indebtedness as of 31 December 2019 and 2020 was RMB 18,301 million, and RMB 17,589 million, respectively.

Our indebtedness could have important consequences to you; for example, it could:

- limit our ability to satisfy our obligations under the Bonds and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. If we or our subsidiaries incur additional debt, the risks that we face as a result of our indebtedness and leverage could intensify, which could adversely affect the market price of the Bonds. See “– *Our corporate ratings may be lowered or withdrawn in the future.*”

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due; however, there is no assurance that we will be able to generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, or if our guarantors are unable to perform their guarantee obligations and we are unable to secure alternative guarantees, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

***The Bonds are unsecured obligations.***

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

- we enter into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occur, our assets may not be sufficient to pay, or support the payment of, amounts due on the Bonds.

***Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.***

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Bonds. The ability of our subsidiaries 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 our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. Pursuant to the loan agreements with certain PRC banks, several of our PRC subsidiaries are subject to certain dividend distribution limitations. For the year ended 31 December 2020, some of our subsidiaries were subject to dividend restrictions from their loan agreements. We believe that such restrictions on dividend distribution by our subsidiaries will not adversely affect our ability to service the interest, principal and other payments under the Bonds. We also confirm that the distribution of dividends by our subsidiaries in compliance with the applicable rules and contractual requirements will not adversely and materially affect performance of our contractual obligations under those loan agreements. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Bonds. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Bonds.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations, and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%, provided that the non-PRC parent company is considered the beneficial owner of the dividends and certain other conditions are met. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Bonds, and there could be restrictions on payments required to redeem the Bonds at maturity or as required for any early redemption.

Furthermore, although we currently do not have any offshore shareholder loan to our PRC subsidiaries, we may resort to such offshore lending in the future, rather than equity contribution, to our PRC subsidiaries to finance their operations. In such events, the market interest rates that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholder loans paid by our subsidiaries, therefore, are likely to be lower than the interest rate for the Bonds. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident that is treated as the beneficial owner of the interest and certain other conditions are met) withholding tax on our behalf on

the interest paid under any shareholder loan. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Bonds.

***We may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particularly the U.S. dollar.***

The Bonds are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from 18 May 2007, the PBOC enlarged the floating band for the trading prices in the interbank foreign exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 2007. This allows Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on 16 April 2012 and to 2.0% on 17 March 2014. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar and the H.K. dollar by approximately 24.5% from 21 July 2005 to 31 December 2016. In August 2015, the PBOC authorised market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre with reference to the interbank foreign exchange market closing rate of the previous trading date, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Shortly after the announcement, the central parity rate of the Renminbi against the U.S. dollar depreciated substantially. The International Monetary Fund announced on 30 September 2016 that, effective from 1 October 2016, the Renminbi will be added to its Special Drawing Rights currency basket. Since October 2016, the value of Renminbi against the U.S. dollar has continued the trend to depreciate. In 2018, the Renminbi depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in the devaluation of Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar-denominated indebtedness and other obligations. Furthermore, the trade war between the U.S. and other major economies, in particular China, continues to escalate. Since July 2018, the U.S. and China have imposed significant punitive import tariffs on each other's goods. With the trade war between the U.S. and China then escalating, the Renminbi touched 6.7 against the U.S. dollar on 20 March 2019 and fell past 7.0 against the U.S. dollar in early August 2019. If the trade war continues or escalates, the devaluation of Renminbi may continue. Any devaluation of Renminbi could adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under our foreign currency obligations, including the Bonds.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the offering of the Bonds, we may enter into foreign exchange or interest rate hedging arrangements in respect of our U.S. dollar-denominated liabilities under the Bonds. These hedging arrangements may require us to pledge or transfer cash and other collateral to secure our obligations under the arrangements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Sole Lead Manager and its affiliates may enter into such hedging arrangements, and these arrangements may be secured by pledges of our cash and other assets. If we were unable to provide such collateral, it could constitute a default under such hedging arrangements.

***We may not be able to repurchase the Bonds upon a Relevant Event.***

We must offer to purchase the Bonds upon the occurrence of a Relevant Event, at a purchase price equal to the Early Redemption Amount at such time together with interest accrued but unpaid to such date (if any). See the section entitled “*Terms and Conditions of the Bonds*”.

The source of funds for any such purchase would be our available cash or third-party financing; however, we may not have sufficient available funds at the time of the occurrence of any Relevant Event to make purchases of outstanding Bonds. Our failure to make the offer to purchase or to purchase the outstanding Bonds would constitute an Event of Default under the Bonds. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Bonds and repay the debt.

In addition, the definition of Change of Control (which is a Relevant Event) in the Terms and Conditions of the Bonds does not necessarily afford protection for the holders of the Bonds in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalisations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for the purposes of the Conditions also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Bonds and the ability of a holder of the Bonds to require us to purchase its Bonds pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

***Interest paid by us to our foreign investors may be subject to withholding taxes and gain on the sale of our Bonds may be subject to taxes under PRC tax laws.***

We may be treated as a PRC resident enterprise for PRC tax purposes. See “– *Risks Relating to Conducting Business in the PRC – We may be deemed PRC resident enterprises under the EIT Law and be subject to PRC taxation on their worldwide income*”. If we are deemed a PRC resident enterprise, the interest paid on the Bonds may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or if, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realised on the transfer of the Bonds by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay with respect to the Bonds, or any gains realised from the transfer of Bonds, to be income derived from sources within the PRC, such interest or gains earned by non-resident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether we will be considered a PRC “resident enterprise”. If we are required under the EIT Law to withhold PRC income tax on interest paid to holders of the Bonds, we will be required to pay such additional amounts as will result in the receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required, subject to certain exceptions. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Bonds, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Bonds, the value of your investment in our Bonds may be materially and adversely affected. It is unclear whether in practice, if we are considered a PRC “resident enterprise,” holders of our Bonds would be able to claim or obtain the benefit of income tax treaties or agreements entered into between China and other countries or areas.

**We may be able to redeem the Bonds in whole at a redemption price equal to the Early Redemption Amount, together with accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC “resident enterprise”.**

In the event we are treated as a PRC “resident enterprise” under the EIT Law, we may be required to withhold PRC tax on interest paid to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in the receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required. As described under “*Terms and Conditions of the Bonds – Redemption for Taxation Reasons*”, in the event we are required to pay additional amounts as a result of certain changes in specified tax law or certain other circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC “resident enterprise”, we may redeem the Bonds in whole but not in part, at a redemption price equal to the Early Redemption Amount, together with accrued and unpaid interest plus accrued and unpaid interest.

***The insolvency laws of Bermuda and other local insolvency laws may differ from those of another jurisdiction with which holders of the Bonds are familiar.***

Because we are incorporated under the laws of Bermuda, an insolvency proceeding relating to us, even if brought in England or Hong Kong, would likely involve insolvency laws of Bermuda, the procedural and substantive provisions of which may differ from comparable provisions of English insolvency law.

We conduct a significant majority of our business operations through PRC-incorporated subsidiaries in China. Our Subsidiaries, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the other jurisdictions with which the holders of the Bonds are familiar. You should analyse the risks and uncertainties carefully before you invest in our Bonds.

***We may be unable to obtain and remit foreign exchange.***

Our ability to satisfy our obligations under the Bonds depends solely upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorised branch, or the designated foreign exchange bank before they remit foreign currencies out of China. In the case of dividends, relevant tax filling forms with a seal affixed by the competent tax authority (if the dividends exceeds US\$50,000) and, in the case of shareholder loans, evidence of the registration of the loan with SAFE must be presented. Prior to payment of interest and principal on any shareholder loan we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10% (or 7% if the interest is paid to a Hong Kong resident that is treated as the beneficial owner of the interest and certain other conditions are met)) withholding tax on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on shareholder loans, which may affect our ability to satisfy our obligations under the Bonds.

***If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.***

If we are unable to comply with the restrictions and covenants in our 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 us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the



agreements, as the case may be. Furthermore, some of our debt agreements, including the Bonds, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under our other debt agreements, including the Bonds. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

***A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.***

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made to the Hong Kong Stock Exchange for the listing and quotation of the Bonds on the Hong Kong Stock Exchange, we cannot assure you that we will obtain a listing of the Bonds on the Hong Kong Stock Exchange or that the Bonds will be listed on the Business Day immediately following the settlement date. Even if the Bonds are listed, we cannot assure you that a liquid trading market will develop. There is no existing trading market for the Bonds prior to their listing on the Hong Kong Stock Exchange. To the extent that the Bonds are traded, the price of the Bonds may fluctuate greatly depending on the trading volume and the balance between buy and sell orders, and there can be no assurance of future liquidity in the Bonds.

In addition, the Bonds are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, you will only be able to resell your Bonds in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See the section entitled “*Transfer Restrictions.*” No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Bonds. If an active trading market does not develop or is not continued, the market price and liquidity of the Bonds could be adversely affected.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic, social and political conditions nationally or internationally could cause the price of the Bonds to change; for example, the recent instability and unrest in Hong Kong may continue or further escalate, which could result in material adverse changes in the market conditions of Hong Kong and in turn could affect the liquidity and price of the Bonds. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. We cannot assure you that these developments will not occur in the future.

***There may be less publicly available information about us than is available in certain other jurisdictions.***

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this offering memorandum has been prepared in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this offering memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between HKFRS and other GAAPs and how those differences might affect the financial information contained in this offering memorandum.

***We will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.***

For so long as the Bonds are listed on the Hong Kong Stock Exchange, we will be subject to continuing listing obligations in respect of the Bonds. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to that which investors in the Bonds are accustomed.

***The Bonds will initially be held in book-entry form and, therefore, you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.***

The Bonds will initially only be issued in global certificate form and held through Euroclear and Clearstream. Interests in the Bonds represented by the global certificate will trade in book-entry form only, and notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Bonds. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the global certificate representing the Bonds. Payments of principal, interest and other amounts owing on or in respect of the global certificate representing the Bonds will be made to the paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global certificate representing the Bonds and credited by such participants to indirect participants. After payment to the nominee of the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of Bondholder under the Terms and Conditions of the Bonds.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Bondholders. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Conditions of the Bonds, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Bonds.

***There is a limited period for, and costs associated with, the exercise of the Conversion Right.***

An investor in a Bond will, as more fully described in the Terms and Conditions, have the right to convert such Bond into Shares. The Conversion Right may be exercised at any time on or after the day falling 40 days after the Issue Date of the Bonds up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both dates inclusive), or if such Bond shall have been called for redemption by us before the Maturity Date (in accordance with the Terms and Conditions), then up to and including the close of business (at the place aforesaid) on a date no later than ten days prior to the date fixed for the redemption thereof. If the Conversion Right is not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at 106% of their principal amount on the Maturity Date.

***A Bondholder exercising the Conversion Right must pay capital, stamp, issue, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on exchange. Bondholders will also be required to give certain representations before they may exercise their Conversion Rights.***

A Bondholder has no shareholder rights before the Conversion. An investor in a Bond will not be a holder of the Conversion Shares. No Bondholder will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any underlying Conversion Shares until such time, if any, as it exchanges its Bond for such Conversion Shares and (as applicable) becomes registered as the holder thereof. A Bondholder exercising the Conversion Right must pay capital, stamp, issue, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on exchange, as more fully described in the Terms and Conditions. Bondholders will also be required to give certain representations before they may exercise their Conversion Right. See “*Terms and Conditions – Conversion – Conversion Procedure – Stamp Duty*”.

***Investors should be aware that the Bonds, being exchangeable for the Shares, bear certain risks.***

Depending on the performance of the underlying Shares, the value of the Shares may decline and be substantially lower than when the Bonds were initially purchased. In addition, the value of the Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Shares is delivered.

***Holders of the Bonds are not entitled to rights with respect to the Shares, but are subject to changes made with respect to the Shares.***

Holders of the Bonds are not entitled to any rights with respect to the Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Shares) prior to the time such Bondholders convert the Bonds for Shares and are themselves registered as holders thereof. That said, such Bondholders are subject to all changes affecting the Shares; for example, in the event that an amendment is proposed to our articles of association requiring shareholders’ approval, and the record date for determining the registered shareholders entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, such Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

***Future issuances of Shares or equity-related securities may depress the trading price of the Shares.***

Any issuance of our equity securities after the issuance of the Bonds could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt-to-equity, to satisfy our obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair our ability to raise capital through the sale of additional equity securities. There is no restriction on the ability of any of our shareholders to dispose of, encumber or pledge the Shares, and there can be no assurance that our shareholders will not dispose of, encumber or pledge the Shares. We cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in us and by hedging or engaging in arbitrage trading activity involving the Bonds.

***Bondholders will bear the risk of fluctuations in the price of the Shares.***

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the HKSE. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and, therefore, on the price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. Our results of operations, financial condition, future prospects and business strategy could affect the value of the Shares. The trading price of the Shares will be influenced by our operational results and other factors, such as changes in the regulatory environment that may affect the markets in which we operate and capital markets in general. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

***Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.***

The conversion of some or all of the Bonds would dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds might encourage short selling of the Shares by market participants.

***Holdings have limited anti-dilution protection.***

The Conversion Price (as defined in the “*Terms and Conditions of the Bonds*”) will be adjusted in the event that there is a consolidation, subdivision, redesignation or reclassification of Shares, rights issue, distributions, capitalisation of profits or reserves or other events. See “*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

***Bondholders do not have the benefit of any security interest with respect to the Conversion Shares and, following any default, do not have recourse against the Conversion Shares or a claim for the value of the Conversion Shares.***

There are no custody arrangements relating to the Conversion Shares. Neither the Trust Deed nor the Bonds create any security interest in favour of the Bondholders either to secure the payment obligations arising under the Bonds or to secure the performance of the Conversion Rights thereunder. Accordingly, in the event of our insolvency, the Bondholders will rank on a *pari passu* basis with all of our other unsecured creditors and will have no direct rights over the Conversion Shares. If the Bonds are declared due and payable at their Early Redemption Amount following the occurrence of any of the events of default described in the Terms and Conditions, the Early Redemption Amount as at the date of such declaration, together with premium, if any, and accrued and unpaid interest shall be immediately due and payable.

## **USE OF PROCEEDS**

We estimate that the gross proceeds from this offering will be US\$50 million (assuming no Option Bonds are issued) to approximately US\$100 million (assuming the Option Bonds are issued in full). The estimated net proceeds from this offering, after deduction of the Sole Lead Manager's commission and other estimated expenses payable, will be approximately US\$49.275 million (assuming no Option Bonds are issued) to approximately US\$99.1 million (assuming the Option Bonds are issued in full).

The Issuer intends to use the net proceeds from this offering to refinance our offshore indebtedness and for our offshore projects and general working capital purposes.

## EXCHANGE RATE INFORMATION

### China

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by PBOC on the basis of the previous day's interbank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still 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 the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each Business Day. This rate is set as the central parity for the trading against the Renminbi in the interbank foreign exchange spot market and the over-the-counter exchange rate for the Business Day. On 18 May 2007, PBOC enlarged the floating band for the trading prices in the interbank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. The floating band was further widened to 1.0% on 16 April 2012. From 21 July 2005 to 31 December 2013, the value of the Renminbi appreciated by approximately 26.9% against the U.S. dollar. On 17 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar following a fluctuation in the first half of 2018. In August 2019, the PBOC on 5 August 2019 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 adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Exchange Rate			
	Period End	Average <sup>(1)</sup>	High	Low
		<i>(RMB per US\$1.00)</i>		
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	6.6292	6.9737	6.2649
2019 . . . . .	6.9618	6.9081	7.1786	6.6822
2020 . . . . .	6.5250	6.9042	7.1681	6.5208
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
April . . . . .	6.4749	6.5186	6.5649	6.4710
May . . . . .	6.3674	6.4321	6.4749	6.3674
June (through 4 June 2021) . . . . .	6.3945	6.3896	6.4036	6.3796

Source: Federal Reserve H.10 Statistical Release

Note:

- (1) Determined by averaging the rates on the last Business Day of each month during the relevant year, except for monthly average rates in 2021, which are determined by averaging the daily rates during the respective months.

## Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 17 October 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Basic Law**"), which came into effect on 1 July, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar; however, no assurance can be given that the Hong Kong government will maintain the link within the current rate range or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Exchange Rate			
	Period End	Average <sup>(1)</sup>	High	Low
		<i>(HK\$ per US\$1.00)</i>		
2014 .....	7.7531	7.7545	7.7669	7.7495
2015 .....	7.7507	7.7524	7.7686	7.7495
2016 .....	7.7534	7.7618	7.8270	7.7505
2017 .....	7.8128	7.7950	7.8267	7.7540
2018 .....	7.8305	7.8376	7.8499	7.8043
2019 .....	7.7894	7.8351	7.8499	7.7850
2020 .....	7.7534	7.7559	7.7951	7.7498
2021				
January .....	7.7531	7.7533	7.7555	7.7517
February .....	7.7567	7.7529	7.7567	7.7515
March .....	7.7746	7.7651	7.7746	7.7562
April .....	7.7664	7.7691	7.7849	7.7596
May .....	7.7610	7.7654	7.7697	7.7608
June (through 4 June 2021) .....	7.7566	7.7585	7.7595	7.7566

Source: Federal Reserve H.10 Statistical Release Note:

Note:

- (1) Determined by averaging the rates on the last Business Day of each month during the relevant year, except for monthly average rates in 2021, which are determined by averaging the daily rates during the respective months.



## CAPITALISATION AND INDEBTEDNESS

The following table sets forth our capitalisation and indebtedness as of 31 December 2020 on an actual basis. The following table should be read in conjunction with our audited consolidated financial statements as of 31 December 2020.

Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalisation and indebtedness since 31 December 2020.

	As of December 31, 2020 <sup>(1)</sup>			
	Actual		As Adjusted	
	RMB in millions	US\$ in millions <sup>(2)</sup>	RMB in millions	US\$ in millions <sup>(2)</sup>
<b>Short-term borrowings:</b>				
Bank borrowings <sup>(3)</sup>	3,741	573	3,741	573
Loans from financial institutions	1,260	193	1,260	193
Medium-term notes	300	46	300	46
Other loans	62	10	62	10
Unamortised loan facilities fees	(58)	(9)	(58)	(9)
<b>Total short-term borrowings</b>	<b>5,305</b>	<b>813</b>	<b>5,305</b>	<b>813</b>
<b>Long-term borrowings</b>				
Bank borrowings	8,333	1,277	8,333	1,277
Loans from financial institutions	3,403	522	3,403	522
Senior notes <sup>(4)</sup>	753	115	753	115
Other loans	34	5	34	5
Unamortised loan facilities fees	(239)	(37)	(239)	(37)
Firm Bonds to be issued	–	–	326	50
Option Bonds to be issued <sup>(5)</sup>	–	–	326	50
<b>Total long-term borrowings<sup>(6)</sup></b>	<b>12,284</b>	<b>1,882</b>	<b>12,610</b>	<b>1,932</b>
<b>Total long-term borrowings<sup>(7)</sup></b>	<b>12,284</b>	<b>1,882</b>	<b>12,936</b>	<b>1,982</b>
<b>Total equity</b>	<b>5,655</b>	<b>867</b>	<b>5,655</b>	<b>867</b>
<b>Total capitalisation<sup>(8)</sup></b>	<b>17,939</b>	<b>2,749</b>	<b>18,265</b>	<b>2,799</b>
<b>Total capitalisation<sup>(9)</sup></b>	<b>17,939</b>	<b>2,749</b>	<b>18,591</b>	<b>2,849</b>

*Notes:*

- (1) The consolidated capitalisation and indebtedness give effect to the issuance of the Bonds in the principal amount of US\$50 million (assuming no Option Bonds are issued) and the receipt of the net proceeds from this offering of approximately US\$49.275 million (assuming no Option Bonds are issued) and the Bonds in the principal amount of US\$100 million (assuming the Option Bonds are issued in full) and the receipt of the net proceeds from this offering of approximately US\$99.1 million (assuming the Option Bonds are issued in full).
- (2) The translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.5250 to US\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on December 31, 2020.
- (3) We entered into various financing arrangements in the ordinary course of our business. As at 31 May 2021, we experienced increases in our short-term bank borrowings of approximately 42%, as compared to the balances as at 31 December 2020, and increases in our long-term bank borrowings of approximately 17% and long-term loans from financial institutions of approximately 61%, as compared to the balances as at 31 December 2020.
- (4) In January 2020, we conducted an exchange offer in relation to our existing US\$350,000,000 8.25% senior notes due 2020 and issued the US\$260,000,000 8% guaranteed senior notes due in 2021 and US\$112,308,000 8% guaranteed senior notes due in due 2022.
- (5) Assuming exercise of the upside Option and the Option Bonds are issued in full.
- (6) Assuming the upside Option is not exercised.
- (7) Assuming exercise of the upside Option and the Option Bonds are issued in full.
- (8) Total capitalisation equals total long-term borrowings plus total equity (assuming no Option Bonds are issued).
- (9) Total capitalisation equals long-term borrowings plus total equity (assuming Option Bonds are issued in full).

## TERMS AND CONDITIONS OF THE BONDS

The issue of the U.S.\$50,000,000 in aggregate principal amount of 3.8 per cent. Convertible Bonds due 2024 (the “**Firm Bonds**”, together with any additional bonds issued pursuant to the option referred to in the Trust Deed described below to increase the principal amount of the Bonds (the “**Option Bonds**”) and further bonds issued in accordance with Condition 18 (the “**Further Bonds**”) and consolidated and forming a single series therewith, the “**Bonds**”) of Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司)(the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 7) was authorised by the written resolutions of the directors of the Issuer on 22 June 2021.

The Bonds are constituted by the trust deed (as amended, supplemented or modified from time to time, the “**Trust Deed**”) to be dated on or about 29 June 2021 (the “**Original Issue Date**”) between the Issuer and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”), which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The holder of the Bonds (the “**Bondholders**”) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated the Original Issue Date (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited, as principal paying and conversion agent (the “**Principal Agent**”), transfer agent (the “**Transfer Agent**”) and registrar (the “**Registrar**”) and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**”, a “**Transfer Agent**” and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. References to “**Paying Agents**” include the Principal Agent and references to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” are references to the principal agent, the registrar and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available upon prior written request and satisfactory proof of holding of Bonds at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) from the Principal Agent.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” or “**Holder**” mean the person in whose name a Bond is registered.

### 1. Form, Denomination and Title

#### (A) Form and Denomination

The Bonds are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate.*

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

**(B) Title**

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

**2. Status**

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

**3. Transfers of Bonds; Issue of Certificates**

**(A) Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

**(B) Transfer**

The Bonds may, subject to Condition 3(E) and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of the relevant Certificate duly completed and signed by the holder or his attorney duly authorised in writing together with any other evidence as the Registrar or Transfer Agent may require, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

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

**(C) Delivery of New Certificates**

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed together with any other evidence as the Registrar or Transfer Agent may require, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

Where only some of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days

of delivery of the original Certificate to the Registrar or, as the case may be, any other relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

**(D) Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) such regulations as may be applicable to the transfer and registration of the Bonds (and as initially set out in the Agency Agreement).

**(E) Restricted Transfer Periods**

No Bondholder may require the transfer of a Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (b) after a Conversion Notice (as defined in Condition 6(B)(1) has been delivered with respect to a Bond; (c) after a Relevant Event Put Exercise Notice (as defined in Condition 9(D) has been deposited in respect of such Bond pursuant to Condition 9(D); or (d) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 8(A)). Each such period is a “**Restricted Transfer Period**”.

**(F) Regulations**

All transfer of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. Such 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 mailed (free of charge to the Bondholder) by the Registrar to any Bondholder upon request in writing and satisfactory proof of holding.

**4. Covenants**

**(A) Negative pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (the “**Security**”) (save for Permitted Security Interest) upon the whole or any part of its business, undertaking, assets or revenues (including any uncalled capital), present or future, to secure the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured by the Security equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement (whether or not it includes the giving of a Security) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

Solely for the purposes of this Condition 4(A), “**Permitted Security Interest**” means any Security on any property or asset of the Issuer or any Subsidiary of the Issuer which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice; for the avoidance of doubt, such arrangement shall include that for asset-backed securities or asset-backed notes.

**(B) Provision of Financial Statements and Reports**

- (1) So long as any of the Bonds remain outstanding, the Issuer will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with HKSE or any other recognised exchange on which the Issuer's Shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Shares of the Issuer cease to be listed for trading on a recognised stock exchange, the Issuer will file with the Trustee and furnish to the Holders:
  - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Issuer, copies of the financial statements (on a consolidated basis and in the English language) of the Issuer in respect of such financial year (including a statement of profit or loss, statement of financial position and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally-recognised firm of independent accountants; and
  - (b) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of the Issuer, copies of the financial statements (on a consolidated basis and in the English language) of the Issuer in respect of such half-year period (including a statement of profit or loss, statement of financial position and cash flow statement).
- (2) In addition, so long as any Bond remains outstanding, the Issuer will provide to the Trustee
  - (a) within 14 business days of a written request by the Trustee; or
  - (b) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) stating that a review has been conducted of the activities of the Issuer its Subsidiaries and the Issuer's and its Subsidiaries' performance under the Trust Deed, the Terms and Conditions of the Bonds and the Agency Agreement and that the Issuer and its Subsidiaries have fulfilled all of their respective obligations thereunder and no Default has occurred, or, if there has been a default in the fulfillment of any such obligation or if any Default has occurred, specifying each such default and the nature and status thereof.

**(C) Notification to NDRC**

The Issuer shall procure that United Photovoltaics (Changzhou) Investment Group Co., Ltd. (聯合光伏(常州)投資集團有限公司) files or causes to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the "NDRC") the requisite information and documents within ten PRC Business Days after (in the case of the Firm Bonds) the Original Issue Date or (in the case of the Option Bonds) the date on which the Option Bonds are issued, in each case in accordance with the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the "NDRC Post-issue Filing").

The Issuer shall, within five PRC business days after submission of such NDRC Post-issue Filing

- (i) provide the Trustee with a certificate in English (in substantially the form set forth in the Trust Deed) signed by any authorised signatory of the Issuer confirming the submission of the NDRC Post-issue Filing, together with any document(s) (if any) evidencing due filing with the NDRC and
- (ii) give notice to the Bondholders in accordance with Condition 12 of the same. The Trustee shall have no obligation to monitor and ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, and shall not be liable to the Bondholders or any other person for not doing so.

## 5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Original Issue Date at the rate of 3.8 per cent. per annum, payable semi-annually in U.S. dollars in arrear in equal instalments of US\$19 per Calculation Amount (as defined below) on 29 June and on 29 December (each an “**Interest Payment Date**”). The first payment shall be made on 29 December 2021. In these Conditions, the period beginning on and including the Original Issue Date and ending on but excluding the first Interest Payment Date and the period beginning on the first Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(4)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Original Issue Date or (b) where such Bond is redeemed or repaid pursuant to Condition 9 or Condition 11, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of any sum in respect of the Bonds is improperly withheld or refused when the same becomes due and payable under these Conditions. In such event, such unpaid overdue sum shall bear interest at the rate of three per cent. per annum above the rate aforesaid (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for each Interest Period (and any period less than a complete Interest Period) shall be equal to the product of 3.8 per cent., the Calculation Amount and the day-count fraction determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 6. Conversion

### (A) *Conversion Right*

- (1) *Conversion Period:* Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 7) credited as fully paid at any time during the Conversion Period referred to below (the “**Conversion Right**”).

Subject to and upon compliance with these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after the day falling 41 days after the Original Issue Date to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 days prior to the Maturity Date (as defined in Condition 9(A)) (both days inclusive) (but, except as provided in Condition 6(A)(3), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 days (in the place aforesaid) prior to the date fixed for redemption thereof (the “**Conversion Period**”).

The Conversion Right may not be exercised in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 9(D), Condition 9(E) or Condition 9(F).

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$0.33 per Share, but will be subject to adjustment in the circumstances described in Conditions 6(C) and 6(D).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of shareholders of the Issuer is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period or after the relevant redemption date, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted (translated to Hong Kong dollars at a fixed exchange rate of HK\$7.7653 to U.S.\$1.00, the “**Fixed Exchange Rate**”) by the Conversion Price in effect on the relevant Conversion Date (as defined below). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (2) *Fractions of Shares:* Fractions of Shares will not be issued on exercise of Conversion Rights and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 22 June 2021 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in U.S. dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(1), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid, provided that such sum exceeds U.S.\$10. Any such sum shall be paid not later than five Stock Exchange Business Days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (3) *Revival and/or survival after Default:* Notwithstanding the provisions of Condition 6(A)(1) if (a) the Issuer shall on the date fixed for redemption thereof default in making payment in full in respect of any Bond which shall have been called or put for redemption; (b) any Bond has become due and payable prior to the Maturity Date in accordance with Condition 11; or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 9(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 12 and notwithstanding the provisions of Condition 6(A)(1), any Bond in respect of which the Certificate and Conversion Notice (as defined below) are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

**(B) Conversion Procedure**

- (1) *Conversion Notice*: Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during normal business hours between 9.00 a.m. and 3.00 p.m. (local time in the place in which the specified office of such Conversion Agent is located) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Conversion Agent, together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, that any amounts required to be paid by the Bondholder under Condition 6(B)(2) have been or (where permitted by law) will be so paid and on such other matters as may be required under the laws of the jurisdiction of incorporation of the Issuer or jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered.

If such delivery is made after the end of such normal business hours between 9.00 a.m. and 3.00 p.m. (local time in the place in which the specified office of such Conversion Agent is located) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and/or properly delivered shall be made by the relevant Conversion Agent and shall be conclusive and binding on the Issuer, the Trustee, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be deemed to be the 10th Trading Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such abovementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.

- (2) *Stamp Duty etc.*: A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes, withholdings and/or capital, stamp, issue and registration and/or transfer taxes and duties (“**Duties**”) arising on such exercise (other than any Duties payable in Bermuda and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Relevant Stock Exchange on conversion, being the “**Issuer Duties**”) (together, the “**Conversion Taxes**”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds, including all charges of the Agents and the share transfer agent for the Shares. The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of any Conversion Taxes payable pursuant to this Condition 6(B)(2) have been, or (where permitted by law) will be, paid.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.



Neither the Trustee nor any of the Agents shall be responsible for paying any Duties, Conversion Taxes, expenses or other amounts referred to in this Condition 6(B)(2) or for determining whether such Duties or Conversion Taxes are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay such Duties, Conversion Taxes, expenses or other amounts or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any Duties, Conversion Taxes, expenses or other amounts.

- (3) *Registration:* Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(1) and 6(B)(2) the Issuer will, as soon as practicable, and in any event not later than ten Stock Exchange Business Days after the Conversion Date, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("CCASS") and the Issuer's share register effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the HKSE (as defined in Condition 7); or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently at Union Registrars Limited) notified to Bondholders in accordance with Condition 12 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(3) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), but before the relevant adjustment becomes effective (the "**Relevant Effective Date**") under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date and in such event and in respect of such Additional Shares references in this Condition 6(B)(3) to the Conversion Date shall be deemed to refer to the Relevant Effective Date (notwithstanding that the Relevant Effective Date falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**").

The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment of the Conversion Price referred to in this Condition 6(B)(3) prior to the time such Retroactive Adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the “**Equivalent Amount**”) equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by transfer to a Hong Kong dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (4) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 9(B) or Condition 9(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Original Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Original Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

**(C) Adjustments to Conversion Price**

The Conversion Price will be subject to the following adjustments as follows:

- (a) **Consolidation, Subdivision, Redesignation or Reclassification:** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date such consolidation, subdivision, redesignation or reclassification takes effect.

(b) **Capitalisation of Profits or Reserves:**

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend (as defined below)) and which would not have constituted a Distribution (as defined below), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price (as defined below) per Share on the date of announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend (as defined below) or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend for which Shareholders have elected to receive as Shares issued by way of Scrip Dividend and (ii) the denominator is the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price per Share; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend,

or by making such other adjustment as an Independent Financial Advisor shall certify in writing to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares issued by way of Scrip Dividend or if a record date is fixed therefor, immediately after such record date.

- (c) **Distributions:** If and whenever the Issuer shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(b) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price per Share on the date on which the Distribution is first publicly announced; and

B is the Fair Market Value of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or paid or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall be determined as at the date on which the Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(c), such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (i) any consolidation or subdivision of the Shares, (ii) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (iii) the modification of any rights to dividends of Shares or (iv) any change in the fiscal year of the Issuer.

- (d) **Rights Issues of Shares or Options over Shares:** If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the aggregate number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (e) **Rights Issues of Other Securities:** If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or

options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

Where:

- A is the Current Market Price per Share on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value per Share on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "Fair Market Value") be determined as at the date on which the terms of such issue or grant are publicly announced or, if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (f) **Issues at less than Current Market Price:** If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or shall issue or grant (otherwise than as mentioned in Condition 6(C)(d) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than the Current Market Price on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

Where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

- (g) **Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(g), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(d), 6(C)(e) or 6(C)(f)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which term for this purpose include any Option Bonds and any Further Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities.

- (h) **Modification of Rights of Conversion etc.:** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(g) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced below the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(h) or Condition 6(C)(g).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) **Other Offers to Shareholders:** If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(d), Condition 6(C)(e), Condition 6(C)(f) or Condition 6(C)(g)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price per Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein.

- (j) **Other Events:** If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders’ interest in the Issuer’s equity caused by such events or circumstances.

**(D) Conversion Price Reset**

- (1) If the Closing Price of the Shares on 20 out of the 30 consecutive Trading Days before any Reset Date is lower than the Conversion Price in effect on the relevant Reset Date, the Conversion Price in effect on the relevant Reset Date (taking into account any adjustments as described in Condition 6(C) which may have occurred prior to the relevant date) shall be reset to the Reset Reference Share Price on such Reset Date, provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) below the level permitted by the applicable laws and regulations from time to time, including under the general mandate requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Such adjusted Reset Reference Share Price shall be rounded upwards, if necessary, to the nearest Hong Kong cent., provided that:

- (i) any such adjustment to the Conversion Price shall be limited such that the adjusted Conversion Price in no event shall be less than HK\$0.30; and
  - (ii) subject to (i) above, the adjustment events set out in Condition 6(C) shall apply, *mutatis mutandis*, to adjustments hereunder to ensure that appropriate adjustments shall be made to the Conversion Price as so adjusted to reflect any events set out in Condition 6(C).
- (2) For the purposes of this Condition 6(D):

“**Reset Date**” means 29 June 2022 and 29 June 2023;

“**Reset Reference Share Price**” means the arithmetic average of the daily Volume Weighted Average Price of each Share on each of the 30 consecutive Trading Days immediately prior to the relevant Reset Date.

“**Volume Weighted Average Price**” means, in relation to a Share for any Stock Exchange Business Day, the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page (or its successor page) or, if not available on any such screens, from such other source as shall be determined to be appropriate by an Independent Financial Advisor, provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

#### **(E) Undertakings**

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (1) it will use all reasonable endeavours to (a) maintain a listing for all the issued Shares on the HKSE, and (b) obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on the HKSE, and if the Issuer is unable to obtain or maintain such listing, to use all reasonable endeavours to obtain and maintain a listing for all the issued Shares on such Alternative Stock Exchange as the Issuer may from time to time determine and notify the Trustee in writing and will forthwith give notice to the Bondholders in accordance with Condition 12 of the listing or delisting of the Shares (as a class) by any such stock exchange;
- (2) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for the Conversion Taxes specified in Condition 6(B)(2)); and
- (3) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.



In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

**(F) Provisions Relating to Changes in Conversion Price**

- (1) *Minor adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of one cent., shall be rounded down to the nearest cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 12 and to the Trustee and Principal Agent promptly after the determination thereof.
- (2) *Decision of an Independent Financial Advisor*: If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(C) or 6(D) should be made, and following consultation between the Issuer and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.
- (3) *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 6, the Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.
- (4) *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- (5) *Multiple events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject

to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.

- (6) *Upward/downward adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(a) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee, the Principal Agent and the Bondholders in accordance with Condition 12, reduce the Conversion Price, subject to Condition 6(F)(3).
- (7) *Trustee not obliged to monitor or make or verify calculations*: Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price (including without limitation in connection with any adjustment to the Conversion Price) and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Financial Advisor in making a determination or (in the case of any Independent Financial Advisor) giving any opinion or advice or any erroneous determination, opinion or advice in connection with the Conversion Price.
- (8) *Notice of Change in Conversion Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 12 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.
- (9) *Exclusions*: Notwithstanding any provision in this Condition 6, no adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any Subsidiary pursuant to any share option scheme, share aware scheme, restricted share scheme or employee incentive plan (“**Share Option Schemes**”) unless any grant or issue of Shares, options, rights or securities pursuant to the Share Option Schemes would result in the total number of Shares which may be issued upon exercise of such Shares, options, rights or securities granted during any 12 month period up to and including the date of such grant representing, in aggregate over three per cent. of the average number of issued and outstanding Shares during such 12 month period (“**Excess Threshold**”), in which case only such portion of the grant or issue of Shares, options, rights or securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to this Condition 6.

## 7. Definitions

For the purposes of these Conditions:

“**Affiliate**” means any person controlling, controlled by or under common control with that person from time to time (and its directors, officers, employees and agents from time to time);

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the HKSE, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“**Beijing Energy Investment**” means Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability.

“**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent, with whom a Certificate is deposited in connection with a transfer or conversion is located.

“**Board of Directors**” means the board of directors elected or appointed by the shareholders or the directors of the Issuer to manage the business of the Issuer or any committee of such board duly authorised to take the action purported to be taken by such committee.

“**Change of Control**” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Issuer with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Issuer, or the direct or indirect sale of all or substantially all the consolidated assets of the Issuer to another Person (other than one or more Permitted Holders);
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than such total voting power held beneficially by the Permitted Holders; or
- (3) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors on the Original Issue Date or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office.

“**Closing Price**” of the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the HKSE or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“**Current Market Price**” means, in respect of a Share on a particular date, the average of the daily Closing Prices of one Share on each of the 20 consecutive Trading Days ending on and including (i) the Trading Day immediately preceding such date or (ii) if the relevant announcement was made after the close of trading on such date (being a Trading Day), such date of announcement; provided that if at any time during such 20 Trading Day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend (or other entitlement) in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend (or cum-such other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend (or other entitlement) per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend or entitlement in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend (or ex-such other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend (or other entitlement) per Share;

and provided further that if on each of the said 20 Trading Days the Shares have been quoted cum-dividend (or cum-such other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend (or other entitlement) per Share.

“**Daily Quotation Sheet**” means the daily quotation sheet published by the HKSE or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange;

“**Default**” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“**Early Redemption Amount**” shall have the meaning ascribed to it in Condition 9(H);

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Fair Market Value**” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

“**Distribution**” means, on a per Share basis, (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Shares credited as fully paid adjusted for under Condition 6(C)(b)(i) and a Scrip Dividend adjusted for under Condition 6(C)(b)(ii)); or (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) where the average purchase or redemption price (before expenses) on any one day in respect of such purchases or redemptions does not exceed the Current Market Price either (1) on that date, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day.

“**GAAP**” means Hong Kong Financial Reporting Standards or other generally accepted accounting principles in Hong Kong as in effect from time to time.

“**HKSE**” means The Stock Exchange of Hong Kong Limited or any successor thereto.

“**Holder**” means the Person in whose name a Bond is registered in the Bond register.

“**Independent Financial Advisor**” means a reputable independent financial advisor or financial institution with appropriate expertise selected by the Issuer and notified, in writing, to the Trustee.

“**Officer**” means one of the directors of the Issuer.

“**Officers’ Certificate**” means a certificate signed by one Officer.

“**Opinion of Counsel**” means a written opinion from external legal counsel who is acceptable to the Trustee.

“**Permitted Holders**” means any or all of the following:

- (1) Beijing Energy Holding Co., Ltd. or any of its subsidiaries or other parties acting in concert, as defined in the Hong Kong Code on Takeovers and Mergers and Share Buy-Backs, with Beijing Energy Holding Co., Ltd.;
- (2) any Affiliate of the Person specified in clause (1); and
- (3) any Person both the shares and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

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

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented by, any notes, bonds, debentures, debenture stock, loan stock, certificates or other securities which are, or are intended to be or capable of being quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market.

“**PRC Business Day**” means a day (other than a Saturday or Sunday or a public holiday) on which commercial banks are open for business in the PRC.

“**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries), whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case not less than ten per cent. of the consolidated total revenue, consolidated net profits, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:
  - A. in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the auditors of the Issuer;
  - B. if at any relevant time in relation to the Issuer no accounts are prepared and audited, its total revenue, net profit and total assets (consolidated, if applicable) shall be determined on the basis of pro forma accounts (consolidated, if applicable) prepared for this purpose; and
  - C. if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;
- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal

Subsidiary pursuant to this subparagraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total revenue or net profits equal to) not less than ten per cent. of the consolidated total revenue or net profits, or represent (or, in the case aforesaid, are equal to) not less than ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenue or net profits equal to) not less than ten per cent. of the consolidated total revenue or net profits, or its assets represent (or, in the case aforesaid, are equal to) not less than ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; and

A certificate substantially in the form scheduled to the Trust Deed signed by any authorised signatory of the Issuer that in its opinion a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary of the Issuer may be relied upon by the Trustee without further enquiry or evidence and shall, in the absence of manifest error, be conclusive and binding on the Trustee, the Agents and the Bondholders.

“**Relevant Cash Dividend**” means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend.

“**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 12.

“**Relevant Event**” occurs:

- (1) when the Shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 45 consecutive Trading Days on the HKSE or, if applicable, the Alternative Stock Exchange; or
- (2) when there is a Change of Control.

“**Relevant Stock Exchange**” means at any time, in respect of the Shares, the HKSE or the Alternative Stock Exchange.

“**Scrip Dividend**” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(c) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(b)(ii)).

“**Shares**” means ordinary shares in the share capital of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of such ordinary shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

“**Stated Maturity**” means, (1) with respect to any indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such indebtedness is due and payable as set forth in the documentation governing such indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Relevant Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such indebtedness.

“**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which the Relevant Stock Exchange is open for the business of dealing in securities.

“**Subsidiary**” means, with respect to any Person, corporation, association or other business entity (1) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is “controlled” and consolidated by such Person in accordance with GAAP.

“**Trading Day**” means a day when the HKSE or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

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

## **8. Payments**

### **(A) Method of Payment**

Payment of principal, premium (if any) and interest and any other amount due other than on an Interest Payment Date will be made by wire transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by wire transfer to the registered account of the Bondholder.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

*So long as the Bonds are represented by the Global Certificate, held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Bonds in the Register at the close of business*

(of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

When making payments to Bondholders, fractions of one U.S. cent. will be rounded down to the nearest U.S. cent., and the Issuer shall not be liable for the payment of any such fractions.

**(B) Registered Accounts/Registered Address**

For the purposes of this Condition 8, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the fifteenth Payment Business Day (as defined below) before the due date for payment.

**(C) Fiscal Laws**

All payments under the Bonds 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 10 and (ii) any applicable withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

**(D) Payment Initiation**

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined below in Condition 8(F)), for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, premium (if any) and interest due other than on an Interest Payment Date if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

**(E) Delay In Payment**

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

**(F) Payment Business Day**

In this Condition 8, “Payment Business Day” means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City, Hong Kong, London and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

**(G) Partial Payment**

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

**(H) Agents**

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, subject to the prior written approval of the Trustee and the terms of any relevant agreements, to vary or terminate the appointment of any Agent and appoint additional or



replacement Agents provided that they will at all times maintain (i) a Principal Agent and (ii) a Registrar which will maintain the Register outside the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 14 days' notice will be given.

## **9. Redemption, Purchase and Cancellation**

### **(A) Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 106 per cent. of its principal amount, together with interest accrued but unpaid to such date (if any), on 29 June 2024 (the "**Maturity Date**"). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 9(B) or Condition 9(C) (but without prejudice to Condition 11).

### **(B) Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at its Early Redemption Amount as at the Tax Redemption Date (as defined below), together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer, for redemption (the "**Tax Redemption Date**") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is enacted or issued and becomes effective, or an official position is announced with respect to the Issuer on or after the Original Issue Date, the Issuer is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a payment in respect of the Bonds were then due.

Prior to the giving of any notice of redemption of the Bonds pursuant to the foregoing, the Issuer will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in this Condition 9(B) has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognised standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in this Condition 9(B).

The Trustee is entitled to conclusively rely on and accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

If the Issuer issues a notice of redemption pursuant to this Condition 9(B), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9(B) shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Amounts shall be payable by the Issuer in respect thereof pursuant to Condition 10 and payment of all amounts by the Issuer to such holder in respect of such Bond(s) shall be made subject to the deduction for withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Tax Option Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

Any Bonds that are redeemed will be cancelled.

**(C) Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days’ notice (a “**Optional Redemption Notice**”) to the Trustee in writing and to the Bondholders in accordance with Condition 12 (which notice shall be irrevocable), the Bonds may be redeemed by the Issuer in whole but not in part, on the date specified in the Optional Redemption Notice at its Early Redemption Amount as at such date together with interest accrued but unpaid to such date (if any) at any time if immediately prior to the date the relevant Optional Redemption Notice is delivered to Bondholders in accordance with Condition 11, at least 90 per cent. in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds and any Option Bonds issued before the Optional Redemption Notice is given) has already been converted, redeemed or purchased and cancelled.

**(D) Redemption for Relevant Event**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all, or some only, of such holder’s Bonds on the Relevant Event Put Date at their Early Redemption Amount as at such date together with interest accrued but unpaid to such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Relevant Event Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 12. The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds that are the subject of the Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Within fourteen days of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee in writing and to the Bondholders in accordance with Condition 12 (a “**Relevant Event Notice**”). The notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition 9(D). Such Relevant Event Notice shall also specify: (a) the date of such Relevant Event and all information material to Bondholders concerning the Relevant Event; (b) the Relevant Event Put Date; (c) the last date by which a Relevant Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their right to deliver a Relevant Event Put Exercise Notice or their Conversion Rights; and (e) the information required by Condition 9(G).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall be responsible or liable to Bondholders or any other person for not doing so.

**(E) Purchase**

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

**(F) Cancellation**

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled by the Paying Agent. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

*Bonds held by or on behalf of the Issuer or any of its Subsidiaries pending cancellation will not be treated as outstanding for the purposes of the Trust Deed and these Conditions.*

**(G) Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 9 will be irrevocable and will be given in accordance with Condition 12 specifying: (a) the Conversion Price as at the date of the relevant notice; (b) the last day on which Conversion Rights may be exercised; (c) the Closing Price and Current Market Price of the Shares on the latest practicable date prior to the publication of the notice; (d) the applicable redemption amount and the accrued interest payable (if any); (e) the date for redemption; (f) the manner in which redemption will be effected; and (g) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition 9), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions and shall not be liable to the Bondholders or any other person for not doing so.

**(H) Early Redemption Amount**

For the purposes of these Conditions, “**Early Redemption Amount**” of a Bond, for each U.S. \$200,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant redemption date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 5.663 per cent per annum calculated on a semi-annual basis.

The applicable Early Redemption Amount for each U.S.\$200,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is an Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = (\text{Previous Redemption Amount} \times (1 + r/2)^{d/p}) - \text{AI},$$

where

Previous Redemption Amount = the Early Redemption Amount for each U.S.\$200,000 principal amount on the Semi-Annual Date (as described below) immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to the first Interest Payment Date, U.S.\$200,000):

<b>Semi-Annual Date</b>	<b>Early Redemption Amount (U.S.\$)</b>
29 December 2021	201,863.00
29 June 2022	203,778.75
29 December 2022	205,748.75
29 June 2023	207,774.52
29 December 2023	209,857.66

and where:

r means 5.663 per cent. expressed as a fraction.

d number of days from and including the immediately preceding Semi-Annual Date (or if the Bonds are to be redeemed prior to the first Interest Payment Date, from and including the Original Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

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AI the accrued interest on the principal amount of U.S.\$200,000 of a Bond determined in accordance with and pursuant to Condition 5 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Original Issue Date) to but excluding the Determination Date.

## 10. Taxation

All payments of principal of, and premium (if any) and interest on the Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein (each, as applicable, a “**Relevant Taxing Jurisdiction**”) or any jurisdiction through which payment is made by or on behalf of the Issuer or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the “**Relevant Jurisdictions**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer will pay such additional amounts (“**Additional**

**Amounts**”) as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
  - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
    - (i) the existence of any present or former connection between the Holder or beneficial owner of such Bond and the Relevant Jurisdiction other than merely holding such Bond or the receipt of payments thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
    - (ii) the presentation of such Bond (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Bond became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Bond for payment on any date within such 30-day period; or
    - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, addressed to the Holder, to provide any information concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the laws of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;
  - (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
  - (c) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Bond (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Bond for payment elsewhere;
  - (d) any tax, assessment, withholding or deduction required by section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), any current or future U.S. Treasury regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted or published in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any agreement with the U.S. Internal Revenue Service under FATCA; or
  - (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding sub-paragraphs (a), (b), (c) and (d); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor

with respect to the fiduciary, or a member of that partnership or a beneficial owner, in each case who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Issuer will (i) make any such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Issuer will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Issuer will furnish to the Holders and the Paying Agent, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments reasonably obtainable by the Issuer.

In addition, the Issuer will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Bonds, or any documentation with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Bond, such mention shall be deemed to include payment of Additional Amounts provided for in the Trust Deed to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

## **11. Events of Default**

The following events will be defined as “Events of Default” in these Conditions:

- (1) default in the payment of principal of (or premium, if any, on) the Bonds when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; or
- (2) default in the payment of interest or Additional Amounts on any Bond when the same becomes due and payable, and such default continues for a period of 30 consecutive days; or
- (3) default in the performance or breach of the provisions of the covenant described under Condition 9(D) or the failure by the Issuer to make or consummate an redemption in the manner described under Condition 9(D); or
- (4) failure to deliver the Shares as and when such Shares are required to be delivered by the Issuer following conversion of the Bonds unless such failure is due to a technical or administrative error and is remedied by the Issuer within 4 days; or
- (5) the Issuer or any Principal Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Trust Deed or under the Bonds (other than a default specified in Conditions 11(1), 11(2), 11(3) or 11(4) above and other than a default which would give rise to a redemption pursuant to Condition 9(D)) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Bonds; or
- (6) there occurs with respect to any indebtedness of the Issuer or any Principal Subsidiary having an outstanding principal amount of US\$15 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) a failure to pay principal of, or interest or premium on, such indebtedness when the same becomes due after giving effect to any grace period for such payment; or

- (7) one or more final judgments or orders for the payment of money are rendered against the Issuer or any Principal Subsidiary and are not paid or discharged, 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 insurance carriers of the Issuer or such Principal Subsidiary 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; or
- (8) an involuntary case or other proceeding is commenced against the Issuer or any Principal 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 Issuer or any Principal Subsidiary or for any substantial part of the property and assets of the Issuer or any Principal 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 Issuer or any Principal Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or
- (9) the Issuer or any Principal 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) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Principal Subsidiary or for all or substantially all of the property and assets of the Issuer or any Principal Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Principal Subsidiary in the ordinary course of business that shall result in the net assets of such Principal Subsidiary being transferred to or otherwise vested in the Issuer or any Subsidiary on a *pro rata* basis or on a basis more favorable to the Issuer).

If an Event of Default (other than an Event of Default specified in Conditions 11(8) or 11(9) above) occurs and is continuing under the Trust Deed, the Trustee, by written notice to the Issuer may, and the Trustee at the written direction of the Bondholders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to receipt of indemnity and/or security and/or prefunding to its satisfaction), declare that the Bonds are immediately due and payable at their Early Redemption Amount as at such date together with premium, if any, and accrued and unpaid interest. Upon a declaration of acceleration, such Early Redemption Amount, premium, if any, and accrued and unpaid interest shall be immediately due and payable.

The Holders of at least a majority in aggregate principal amount of the outstanding Bonds by written notice to the Issuer and to the Trustee may on behalf of all the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Bonds that have become due solely by such declaration of acceleration, have been cured or waived; and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether any Event of Default or Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

## **12. Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective registered addresses in the Register or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.*

## **13. Prescription**

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 8 within 10 years (in the case of principal or premium) and five years (in the case of interest) from the appropriate Relevant Date.

## **14. Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, 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 and indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **15. Meetings of Bondholders, Modification and Waiver**

### **(A) Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of Bondholders (including meetings held by way of audio or videoconference call) to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes



consideration of proposals, *inter alia*, (a) to modify the due date for any payment in respect of the Bonds, (b) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 9(B), 9(C), 9(D) or 9(E); (c) to reduce or cancel the principal amount, premium, Early Redemption Amount, Equivalent Amount or interest payable in respect of the Bonds or changing the method of calculation of interest, (d) to change the currency of denomination or payment of the Bonds, (e) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (f) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding shall be as valid and effective as a duly passed 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 Bondholders.

**(B) Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (together the “**Documentation**”) which in the Trustee’s opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 12.

**(C) Entitlement of the Trustee**

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 15) the Trustee shall have regard to the general interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

*In the event of the passing of an Extraordinary Resolution in accordance with Condition 15(A), a modification, waiver or authorisation in accordance with Condition 15(B), the Issuer will procure that the Bondholders are notified in accordance with Condition 12.*

## **16. Enforcement**

The Trustee may, at any time, at its sole and absolute discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it needs not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion or based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

## **17. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation (i) from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances, and to be paid its costs, fees and expenses in priority to the claims of the Noteholders. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security or pre-funding given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

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

entitled to conclusively rely on any such report, confirmation, certificate, opinion or advice without verification, in which case such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Trustee and the Bondholders.

The Trust Deed states that the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Trust Deed, the Bonds, the Register, the Agency Agreement or any other document relating thereto, any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement, the Bonds, the Register, or any other document relating thereto. In addition, the Trust Deed states that the Trustee shall not be responsible for the effect of the exercise of any of its powers, rights, duties and discretions hereunder or thereunder.

The Trust Deed states that the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in the Trust Deed, the Bonds, any offering document in relation to the Bonds or any other agreement or document relating to the transactions contemplated in the Trust Deed or under such other agreement or document and shall be entitled to assume the accuracy and correctness thereof or for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any security constituted thereby or pursuant thereto.

None of the Trustee or any Agent shall be responsible for the performance by any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice to the contrary, each of the Trustee and each Agent shall assume that the same are being duly performed. The Trustee shall not be liable to any Bondholder or any other person for any action taken by the Trustee in accordance with the instructions of the Bondholders. The Trustee shall be entitled to conclusively rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution and to be indemnified, provided with security 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 fees and 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 where the Trustee is seeking such directions or in the event that no such directions are received.

The Trustee shall not be under any obligation to monitor compliance with the provisions of these Conditions and shall be entitled to assume, unless it has received notice in writing to the contrary, that each party to the Trust Deed is complying with its obligations under the Trust Deed.

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

## **18. Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, the post-issue filing with the NDRC and to the extent necessary, certain temporary securities law transfer restrictions) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 18 and forming a single series with the Bonds. Any further securities forming a single series with the Bonds shall be constituted by a deed supplemental to the Trust Deed.

## **19. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

## **20. Governing Law and Submission to Jurisdiction**

### **(A) Governing Law**

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

### **(B) Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, claims, difference or controversy that may arise out of, or in relation to or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and any non-contractual obligations arising out of or in connection with them (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum.

### **(C) Agent for Service of Process**

Pursuant to the Trust Deed, the Issuer has agreed to receive service of process at the Issuer’s principal place of business in Hong Kong at Unit 1012, 10th Floor, West Tower, Shun Tak Centre 168-200 Connaught Road Central, Hong Kong for any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason the Issuer shall cease to have its principal place of business in Hong Kong, the Issuer irrevocably agrees to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing shall affect the right to serve process in any manner permitted by law.

### **(D) Waiver of Immunity**

To the fullest extent permitted by law, the Issuer irrevocably and unconditionally:

- (1) submits to the jurisdiction of the Hong Kong courts in relation to any dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts in relation to any dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;
- (2) submits to the jurisdiction of the Hong Kong courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the Hong Kong courts in relation to any dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no claim is made on its behalf; and
- (3) consents to the enforcement of any order or judgment made or given in connection with any dispute and the giving of any relief in the Hong Kong courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation:
  - (i) relief by way of interim or final injunction or order for specific performance or recovery of any property;
  - (ii) attachment of its assets; and
  - (iii) enforcement or execution against and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use); and
- (4) waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

## DESCRIPTION OF BUSINESS

### Overview

We are one of the largest publicly-listed pure play solar power plant owners and operators in the PRC in terms of aggregate installed capacity and also a leading eco-development solutions provider with an established track record in developing, investing, operating and managing solar power plants and other renewable energy projects in the PRC. As of December 31, 2020, we owned and operated 61 solar power plants in 17 regions in China with an aggregate installed capacity of approximately 2,070.4MW, comprising eleven plants in Inner Mongolia, seven in Xinjiang, six in each of Hunan and Tibet, five in Shandong and Guangdong, four in Qinghai, two in Shanxi, three in each of Hebei, Yunnan and Sichuan, and one in each of Anhui, Gansu, Guangxi, Hubei, Ningxia and Zhejiang.

For the years ended December 31, 2019 and 2020, our aggregate electricity generation volume amounted to approximately 2,752,231MWh and 2,795,834MWh, respectively.

We currently operate one principal line of business, which is the generation and sale of electricity, and we derive a large portion of our revenue by selling electricity to subsidiaries of the State Grid and the Inner Mongolia Power, two PRC state-owned electric utility companies that transmit and distribute power in the PRC. We also receive feed-in tariffs (“FIT”) from the relevant PRC government authorities due to the state policies supporting and encouraging generation and consumption of renewable energy. We strategically develop and acquire solar power plants to achieve our predetermined minimal rate of return and select our solar power projects based on a combination of factors, including solar irradiation of potential sites, applicable FITs and government subsidies, conditions for local grid connection, electricity transmission infrastructure and local demand for electricity. Most of our power purchase agreements (“PPAs”), fix the price of electricity sold by our solar power plants and the FITs we are entitled to receive for periods averaging twenty years.

Over the recent years, the PRC government has developed a number of initiatives to reduce the country’s dependence on fossil fuels and eliminate environmental pollution resulting from burning fossil fuels. The president of the PRC expressed at the United Nations General Assembly on September 22, 2020 that China aims to reach CO2 emissions peak before 2030 and achieve carbon neutrality before 2060. On December 12, 2020, the president of the PRC further announced at the Climate Ambition Summit that China will bring its total installed capacity of wind and solar power to over 1,200GW by 2030. According to the Statistical Communiqué of the PRC on the 2020 National Economic and Social Development, as of the end of 2020, China’s national photovoltaic grid-connected installed capacity was 253GW and the national grid-connected wind power installed capacity was 281GW. Our business has benefited substantially from these favorable national goals and policies and we expect to continue to have the government’s support for generation and use of clean renewable energy.

- The PRC government introduced FITs in 2013 at both the state and provincial levels to fuel the growth of solar power plants and provided 20-year subsidies of RMB0.42 per kWh of output from roof-top solar power projects and, since 1 January 2017, depending on irradiation levels at the locations of the solar power plants, between RMB0.65 and RMB0.85 per kWh of output from ground-mounted solar power projects. Most of the solar power plants owned and controlled by our Group are ground-mounted.
- In addition, our qualified solar power plants are exempt from PRC corporate income tax for three years starting from the time revenue is generated from the solar power plants and are further entitled to a 50% reduction in the corporate income tax for a subsequent three-year period.

We focus on the downstream solar power market and have acquired solar power plants from other developers. We have also developed our solar power plants by integrating and optimizing photovoltaic (“PV”) components and technology. Our focus on the downstream photovoltaic segment provides us and our engineering, procurement and construction (“EPC”) contractors with the flexibility to procure the most suitable components and technology to customize our solar power plants based on the local environment in which we operate.

We believe that our broad geographical reach and established presence across the PRC and our experience in acquiring and developing revenue-producing solar power plants are significant differentiators that provide us with further opportunities for growth in our targeted markets. We aim to expand our operations into new markets where we can find attractive solar irradiation, regulatory environments, electricity pricing, land availability, financial access and overall electricity market trends.

The following table sets forth our revenue breakdown and as a percentage of our total revenue for the years ended December 31, 2019 and 2020:

	2019		2020	
	(RMB in millions)	(% Total)	(RMB in millions)	(% Total)
<b>Revenue</b>				
Sales of electricity . . . . .	629	29.0	664	30.9
Tariff adjustment . . . . .	1,539	71.0	1,485	69.1
<b>Total</b> . . . . .	<b>2,168</b>	<b>100.0</b>	<b>2,149</b>	<b>100.0</b>

The table below further sets forth EBITDA and certain other key financial statistics of our Group as of the dates indicated or for the years indicated:

	As of or for the year ended December 31,	
	2019	2020
	RMB (in millions for EBITDA)	RMB
<b>Revenue</b>		
EBITDA <sup>(1)</sup> . . . . .	1,920	1,967
EBITDA margin <sup>(2)</sup> . . . . .	89%	92%
Debt to EBITDA ratio <sup>(3)</sup> . . . . .	8.3	7.7
Funds from operations to net debt ratio <sup>(4)</sup> . . . . .	6.4%	7.6%
Interest coverage ratio <sup>(5)</sup> . . . . .	1.93	2.41

Notes:

- (1) *EBITDA* represents earnings before finance income, finance costs, tax, fair value adjustments, non-cash items, non-recurring items, bargain purchase and acquisition costs arising from business combinations, bargain purchase arising from acquisition of investments accounted for using equity method, share-based payment expenses and share of profits of investments accounted for using equity method. EBITDA is not a measure of performance under HKFRS, but is used by our management for monitoring business performance of our Company from operational perspective. It may not be comparable to similar measures presented by the other companies.
- (2) *EBITDA margin*: EBITDA margin is a measurement of our Group’s operating profitability and is calculated as EBITDA divided by the revenue, expressed as a percentage.
- (3) *Debt to EBITDA ratio*: Debt to EBITDA ratio is a measurement of the number of years that will take our Group to repay our debts assuming net debts and EBITDA are held constant. This ratio is calculated as the net debts divided by EBITDA. Net debts is calculated as total borrowings less cash deposits. Total borrowings include current and non-current bank and other borrowings, construction costs payables and convertible bonds as shown in the consolidated statement of financial position. Cash deposits include cash and cash equivalents, pledged deposits and restricted cash as shown in the consolidated statement of financial position.

- (4) *Funds from operations to net debt ratio*: Funds from operations to net debt ratio is a measurement of our Group's ability to pay our debts using our operating income alone. This ratio is calculated as the EBITDA net of net interest paid (actual interest paid minus actual interest income received during the year) divided by net debts, expressed as a percentage.
- (5) *Interest coverage ratio*: Interest coverage ratio measures our Group's ability to pay interest on our interest-bearing debt. The ratio is calculated by dividing EBITDA by net interest paid (actual interest paid minus actual interest income received during the year).

## **Competitive Strengths**

We believe that our historical success and prospects are directly related to a combination of strengths, including the following:

### ***Operating in the fast-growing PRC solar power market and benefiting from strong support and favorable policies from the PRC government***

We are the innovation benchmark for the reform of state-owned enterprises in Beijing and have the multiple characteristics and advantages of being a state-owned, private and foreign invested corporation. Our business has benefitted, and is expected to continue to benefit, from strong support from the PRC government and favorable PRC government policies. The PRC solar power industry has experienced significant growth in recent years to become the largest and fastest growing solar power market in the world. In September 2016, the PRC government formally ratified The Paris Agreement, an agreement within the United Nations Framework Convention on Climate Change, aiming to, among other things, curb the emission of greenhouse gases in response to global climate change. The PRC government also published its aim to increase the contribution of non-fossil fuels in the PRC energy consumption mix to approximately 20% in 2030 and reduce carbon dioxide emission to approximately 45% lower than that in 2005. The president of the PRC also expressed at the United Nations General Assembly on September 22, 2020 that China aims to reach CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality before 2060. On December 12, 2020, the president of the PRC further announced at the Climate Ambition Summit that China will bring its total installed capacity of wind and solar power to over 1,200GW by 2030. In tandem with the increasing public awareness of the need for environmental protection and focus on sustainable economic development, the PRC government has promulgated a variety of laws, regulations and policies aimed at optimizing the energy mix and promoting the use of renewable energy in China. According to the report of the 19th National Congress of the Communist Party of China, China would speed up reform of its eco-civilization system and establish a clean, low-carbon, safe and efficient energy system. The start of the 14th Five-Year Plan also provides a historical opportunity for the development of the new energy industry. We will keep pace with the global energy trend featuring cleanness, low carbon, safety and efficiency, and concentrate on high-quality growth with a bid to accelerate the scale expansion and intensive development of new energy. The current measures supporting the development of solar power include:

- *Mandatory electricity purchase and priority on grid connection and dispatch*. The Renewable Energy Law (《中華人民共和國可再生能源法》), which became effective in January 2006 and was amended in December 2009, requires grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services and related technical support. The State Council approved the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》) in August 2007, which is aimed at promoting the efficient use of natural resources and encouraging energy conservation, pursuant to which renewable power companies such as us are able to enjoy the highest priority for transmitting electricity into the local grids at the localities in which we operate. In May 2016, the NDRC established minimum renewable utilization hour targets for solar power in curtailed regions.



- *FITs.* The PRC government offers FITs for both utility-scale power plants as well as distributed generation installations. On March 31, 2020, the Notice on Certain Issues Regarding the Policies on Photovoltaic FITs of 2020 《國家發展改革委關於2020年光伏發電上網電價政策有關事項的通知》), which took effect on June 1, 2020. Pursuant to this Notice, with some exceptions, the FITs for qualified new utility-scale ground-mounted power plants are between RMB0.35 and RMB0.49 per kWh, based on the radiation levels at the location of the relevant solar power plant. In recent years, the PRC government has also introduced FITs at both state and provincial levels to fuel the growth of distributed solar roof-top installations. On June 7, 2021, the NDRC issued the Notice on Certain Issues Regarding the Policies on New Energy FITs of 2021 《國家發展改革委關於2021年新能源上網電價政策有關事項的通知》, which takes effect on August 1, 2021. Pursuant to this Notice, the subsidies for the newly recorded centralized photovoltaic power plants and commercial and industrial distributed photovoltaic projects would be halted. Despite a number of reductions in the amounts of the FITs in recent years, historically higher FIT amounts continue to apply to our solar power projects that achieved grid connections prior to such reductions, and our solar power projects have been able to maintain such higher FIT amounts with each renewal of the relevant PPA, allowing us to secure the rate of return on our investment for our solar power projects.
- *Preferential tax treatment and other incentives.* To spur the growth of the solar power industry, the governmental authorities in various provinces and cities across the PRC are also providing additional subsidies and incentives. The Renewable Energy Law, the Guidance Catalogue on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》)(the “**Guidance Catalogue**”) and other relevant laws and regulations, provides for financial incentives, such as additional government funding, preferential loans and preferential tax treatment for the development of solar power projects and authorizes relevant government authorities to set favorable prices for electricity generated from solar power plants. Our qualified solar power plants are exempt from PRC corporate income tax for three years starting from the time electricity sales revenue is generated from the solar power plant and are entitled to a 50% reduction in PRC corporate income tax for a subsequent three-year period.
- *NEA measures.* In 2018, the National Energy Administration (“**NEA**”) stated it would continue implementing the energy security strategy and strive to achieve 20% of energy consumption in 2030 in the form of non-fossil fuels, and adopt it as a basic strategic objective to promote high-quality development of renewable energy. Furthermore, the NEA will actively promote projects for wind power and photovoltaic power without subsidies, fully implement a competition-based allocation system for wind and photovoltaic power station projects, and establish a new mechanism for sound renewable energy consumption, in order to achieve the high-quality development for renewable energy projects.

The NEA has further enhanced the standards and requirements for solar products. Together with other relevant governmental authorities, the NEA has upgraded its “Top Runner Plan”, which aims to further promote energy efficiency of solar products and provide subsidy to high energy efficiency firms in China. The plan helps initiate the construction of leading photovoltaic bases and promote the technology advancement and the upgrading of the photovoltaic industry in China. The NEA’s “Super Top Runner Plan” has set a higher entry barrier by further elevating its requirements in all aspects such as the technical standards of the base and the criteria of selecting participants, in order to allocate more supporting resources to the development of advanced technologies which are ready to be applied to mass production but the potential of which is yet to be realized, and to make preparation for the application and utilization in mass production of next generation technologies.

- *Other supportive policies.* Issues that have long restrained the development of new energies, such as electricity consumption and delayed provision of national subsidies, will be gradually addressed with the launch of over ten favorable policies such as the “Notice on Establishing a Guarantee Mechanism for Sound Renewable Energy Consumption 《關於建立健全可再生能源電力消納保障機制的通知》 by the NDRC and the NEA.

***A fast growing solar power plant owner and operator in the PRC with a high quality and well diversified solar projects portfolio***

We principally derive our revenue from the sale of electricity generated by our solar power plants and receipt of FITs from the relevant PRC governmental authorities.

As of December 31, 2020, we owned and operated 61 solar power plants with an aggregate installed capacity of 2,070.4MW. For 2019 and 2020, our aggregate electricity generation volume of our solar power plants amounted to approximately 2,752,231MWh and 2,795,834MWh, respectively.

The majority of our solar power plants are strategically located in regions in China that are based on our feasibility studies and analysis of factors such as solar irradiation of the site, applicable FITs and government subsidies, conditions for local grid connection, electricity transmission infrastructure and local demand for electricity. The majority of our solar power projects operate in the regions where we do not experience operational problems associated with shortages of transmission capacity or issues with grid connection. For 2019 and 2020, the weighted average utilization hours of the solar power plants owned by our subsidiaries were 1,401 hours and 1,311 hours, respectively. The State Grid and the Inner Mongolia Power, both of which are PRC state-owned entities, account for 99.5% and 97.9% of our revenue and approximately 97.2% and 97.5% of the aggregate installed capacity of our solar power plants for the years ended December 31, 2019 and 2020.

We believe that our significant scale and leading position in the PRC solar power industry provide us with economies of scale, a broad base of operational experience and resources, a large pool of experienced employees, bargaining power with EPC contractors and suppliers, and significant industry and regulatory relationships, which will continue to provide us with attractive solar power plant acquisition and development opportunities. We also believe that our leading market position and extensive experience in the PRC solar power industry give us the opportunity to participate in solar energy policy discussions and have significant influence in the development of industry-related policies and standards.

### **Strong track record of acquisition and development of solar power projects**

We have an established track record in acquiring, developing and operating solar power plants across the PRC. As of December 31, 2020, we operated 61 solar power plants with an aggregate installed capacity of approximately 2,070.4MW and located in 17 different regions. Having identified suitable investment opportunity to acquire renewable energy projects with good prospects and potential for stable returns, we completed the acquisitions of two solar power plants in 2020 and five solar power plants in 2019 in the PRC from independent third parties through our indirectly wholly-owned subsidiaries. The acquisitions have immediately enabled to supplement our existing renewable power plant portfolio and further expand our scale of business in the renewable energy sector to enhance return to our shareholders. The table below summarised the details of the projects acquired in 2020:

<u>Name of the company</u>	<u>Month of acquisition</u>	<u>Equity interest acquired</u>	<u>Cash consideration</u> <i>RMB' million</i>	<u>Power plants acquired</u>			
				<u>Type</u>	<u>Location</u>	<u>Number of plants</u>	<u>Installed capacity</u> <i>MW</i>
<b>For the year ended December 31, 2020</b>							
Weixian Tianhai Photovoltaic Power Co., Limited* (“ <b>Weixian Tianhai</b> ”) (威縣天海光伏發電有限公司)	December 2020	100%	22	Solar	Hebei	1	30
Shandong Xintai Loudejia Photovoltaic Power Co., Limited* (“ <b>Shandong Loude</b> ”) (山東新泰樓德佳陽光光伏發電有限公司)	December 2020	100%	18	Solar	Shandong	1	20
<b>For the year ended December 31, 2019</b>							
Dongyuan County Laowei Photovoltaic Technology Co., Limited* (“ <b>Dongyuan Laowei</b> ”) (東源縣老圍光電科技有限公司)	December 2019	100%	61	Solar	Guangdong	2	40
Yantai Jishun Photovoltaic Technology Co., Limited (“ <b>Yantai Jishun</b> ”) (煙台吉順光電科技有限公司)	December 2019	51%	20	Solar	Shandong	3	50

Our total grid-connected installed capacity as of December 31, 2019 and 2020 was approximately 1.9GW and 2.1GW, respectively. For 2019 and 2020, our electricity generation volume was approximately 2,752,231MWh and 2,795,834MWh, respectively.

Our revenue for the years ended 2019 and 2020 was RMB2,168 million and RMB2,149 million, respectively. Our strong track record of installed capacity, power output and revenue demonstrate our managerial strength and execution capability.

We employ a strict and systematic approach when evaluating solar power projects for acquisition or development and potential projects are first reviewed by our mergers and acquisitions committee, our risk control committee and then our Board of Directors. We also engage third-party consultants for legal, financial and technical due diligence. We believe that our methodical approach to potential acquisitions and development of solar power projects, together with our deep industry knowledge, strong and long-standing relationships with the various industry stakeholders, including various PRC government authorities, the State Grid and a number of its subsidiaries and the Inner Mongolia Power, and other solar power plant developers and operators, and experienced management team and employees, provide us with an advantage over competitors when acquiring or developing solar power projects.

Our ability to develop successful solar power plants was recognized by the NEA in August 2015 when it awarded us the exclusive right to develop and operate a 100MW solar power plant in Datong, Shanxi. This project was classified by the NEA as a “Top Runner” project for the PRC solar power industry due to its significance in marking the start of Datong’s transformation – from a polluted industrial city that is highly reliant on fossil fuels to an industrial city with a low carbon footprint that relies on renewable energy sources. Due to the significance of the project, the NEA had adopted stringent qualification criteria and conducted a competitive selection process, where the prospective project companies had to meet a host of technical standards and possess sufficient operational experience. We were selected as the winning bidder over many other solar power plant operators and developers in the PRC. Capitalizing on the success in the development of the “Top Runner” project for the 100MW solar power plant in Datong, Shanxi, we subsequently won another “Top Runner” project for 100MW floating solar power plants in Anhui Province. The project in Anhui Province fully embodied technological innovation in respect of the fishery and solar power plant combination as well as comprehensive ecological control of subsidence areas. These floating solar power plants achieved grid-connection in 2018. In addition, we also participated in certain photovoltaic poverty alleviation projects in 2018, including one project with an aggregate installed capacity of 75MW in Guangdong and two other projects with an aggregate installed capacity of 50MW in Sichuan, which achieved grid-connection in 2018. Since 2020, we have signed cooperation framework agreements with various local governments and counterparties to increase our resource reserves.

#### ***Experienced management team and strong support from our shareholders***

Our management team has a broad range of experience in and an in-depth understanding of the evolving global and PRC solar power industry. Our management team is highly market oriented and flexible, encouraging innovations and efficient decision-making which takes half the time or less as compared to other traditional state owned corporations. We attract top talent by a robust incentive mechanism and have a diversified and elite team spanning across energy, technology, finance, Internet, among other fields. As a result, our team has vast experience in new energy investment and operations. We have world-class management standards, and the installed capacity managed per capita is nearly 60% higher than the industry average. Our senior management has extensive experience in both upstream and downstream PV markets and has proven market insights and a track record of successfully developing, acquiring and operating solar power plants on a significant scale.

We also benefit from strong support from our strategic shareholders, such as Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司)(“**BEH**”) and China Merchants New Energy Group Limited (“**CMNEG**”), the sole renewable energy business platform of China Merchants Group Limited (“**CMG**”). We believe that being in CMG’s group of companies allows us to benefit from close collaboration with other CMG group companies which operate across a variety of industries, such as (i) transportation and related infrastructure through companies such as China Merchants Port Holdings Company Limited and China Merchants Logistics, (ii) finance through companies such as China Merchants Bank and China Merchants Securities, and (iii) real estate through companies such as China Merchants Land.

In addition, the significant capital contribution from our strategic shareholders, including BEH, CMNEG, Qingdao City Construction Investment (Group) Co., Ltd. (“**QCCI**”), ORIX Corporation (“**Orix**”) and China Huarong not only increased our capital strength, optimized our debt structure and reduced financing cost, but also demonstrated their confidence in the future development of our business and their recognition of our long-term investment value. As of December 31, 2020, our three state-owned enterprises shareholders, CMNEG, China Huarong and QCCI, held nearly 44% of the outstanding shares of our Company in aggregate. The shareholding from a number of large state-owned enterprises and multinational companies enables us to benefit from the extensive synergies of government support, project expansion, financial resources and capital operations. With the support of our largest Shareholder, BEH, we expanded the financing channels and innovate financing methods in various ways and accelerated the pace of transformation and upgrade. Our profitability and our ability to obtain high-quality resources have been rapidly enhanced.

Examples of our collaboration with our strategic shareholders and support we received from them include the following:

- In December 2013, we and Huabei Expressway Co., Ltd. jointly acquired the Fengxian Huize PV Ecological Projects, which had an aggregate capacity of 23.8MW and built a roof-top project in the Langfang toll road station of Huabei Expressway Co., Ltd.
- In February 2014, we and China Merchants Port Holdings Company Limited jointly developed a 2.4MW roof-top solar power project in the Qianhai Tax Protected Zone.
- In early 2015, we and Shenzhen China Merchants Yinke Investment Management Ltd. (“**China Merchants Yinke**”) jointly acquired an 80MW solar power project. At that time, China Merchants Fund Management Limited (“**China Merchants Fund**”) subscribed for our convertible bonds, the proceeds of which we used to fund our share of the acquisition price. We were also able to subsequently purchase China Merchants Yinke’s share in the solar power project at no premium at the original acquisition price.
- In 2015, China Merchants Fund, China Merchants Bank and China Merchants Securities also provided us with support by subscribing for our convertible bonds on what we believe were favorable terms, the proceeds of which we used to acquire solar power projects. China Merchants New Energy Group also provided a keepwell deed for our medium term notes program, which we established in 2015.
- In June 2015, we established a joint venture, China Merchants Silk Road New Energy Limited, with China Merchants Zhangzhou Development Zone, to engage in supply chain finance and provision of solar power plants construction and monitoring services.
- In April 2016, we and China Merchant Port Holdings Company Limited jointly developed a 1.4MW roof-top solar power project in the Qianhai Tax Protected Zone. China Merchants Charitable Foundation also donated funds and participated in the construction of this solar power project.
- In March 2017, we completed a placement of 1,074,138,234 and 333,247,334 ordinary shares to ORIX and ACP, respectively, both of which are leading international investment institutions in the field of environmental protection and new energy (including solar energy) across the world, especially Asia, to optimize our shareholding structure and strengthened our international competitiveness.
- In the first half of 2019, we introduced another state-owned company, QCCI, as our strategic shareholder. Investing through its investment vehicle, Huaging, the state-owned enterprise has extensive management experience in the renewable energy industry, in particular, the solar energy industry, in the PRC and is expected to improve our capacity in the expansion and integration of global new energy resources and improve and upgrade our competitiveness.
- In February 2020, BEH completed the subscription of approximately 7.177 billion of our shares through its offshore investment and financing vehicle Beijing Energy Investment Holding (Hong Kong) Co., Limited and became our largest shareholder. BEH is a Grade A enterprise subordinated to Beijing which has accumulated extensive experience on investment, operation and management of the clean energy industry, especially the photovoltaic power industry in China.

***Access to a variety of domestic and overseas financing channels to optimize capital structure and manage funding cost, which is underpinned by prudent financial management***

Flexible and diversified financing channels are of vital importance to us in maintaining our core competitiveness. Our leading position in the PRC solar power industry, support from our shareholders and strong relationships with our lending banks provide us with access to a variety of onshore and offshore financing solutions. We have significant experience in financing solar power plants, minimizing investment risks and financing costs, optimizing capital structure and maximizing returns for each solar power plant. Our treasury management team has worked with a variety of lenders and investors, including banks, insurance companies, private equity funds, utility companies and conglomerates. We utilize a broad range of financing solutions tailored to optimize our capital structure, including onshore solutions, such as finance lease and project finance, and offshore solutions, such as equity finance through new share placements and issuances of warrants and debt financing through issuances of medium term notes and bonds. We continuously adjust our monetary portfolio, adopt diversified financing methods and seek additional funding channels in order to reduce borrowing costs based on consideration of interest rates, exchange rates, and credit and currency market conditions. As at December 31, 2020, the effective interest rate for bank and other borrowings was approximately 4.7% while at December 31, 2019 it was approximately 5.4%. Our power plant projects have long-term and stable rates of return.

Examples of our broad range of financing solutions include the following:

- In December 2016, we completed the placement of 100 million new shares to China Huarong and China Minsheng.
- We also obtained the approval from the National Association of Financial Market Institutional Investors to issue RMB700 million medium term notes in December 2016.
- In January 2017, we were granted approval to conduct foreign bond financing for the first time and issued three-year US\$250 million senior notes.
- In February 2017, we issued additional three-year US\$100 million senior notes.
- In 2019, CMNEG provided us with financial support for a period up to March 28, 2020 to enable us to meet our liabilities and obligations as and when they fell due and to carry on our business with any significant curtailment of operations.
- In July 2020, we entered into the financial services framework agreement (the “**Financial Services Framework Agreement**”) with BEH Finance Co., Ltd (京能集團財務有限公司)(“**BEH Finance**”), pursuant to which BEH Finance agreed to provide us deposit services, loan services and other financial services for the three years ending 31 December 2022.
- We entered into loan facility agreements with a number of banks and RMB2,600 million remained undrawn as of December 31, 2020.
- In January 2020, we conducted an exchange offer in relation to our existing US\$350,000,000 8.25% senior notes due 2020 and issued the US\$260,000,000 8% guaranteed senior notes due in 2021 and US\$112,308,000 8% guaranteed senior notes due in 2022.

**Strategies**

Our core strategy is to position ourselves as a first-class international clean energy ecological investment operator by focusing on our principle business, setting a nationwide blueprint and fostering global development. We are seeking to execute this strategy by focusing on the clean, low-carbon, safe and efficient global energy development, responding to the national requirements of “carbon emission peak and carbon neutrality” and following the pace of electric power system reform with high-quality

development as the core and increasing shareholding synergies as the goal. We aim to improve the corporate governance system, strengthen risk control, emphasize value creation, and fully utilize our advantages as a Hong Kong Stock Exchange listed company with various financing channels. Leveraging on our resources and technologies, we will also develop domestic and overseas clean energy markets, explore the integrated development of energy storage and renewable energy, and enhance technological innovation as well as application and transformation of advanced energy technologies. Furthermore, we will strengthen the deep integration of technologies from the energy and information industries and develop a clean energy ecosystem with the principle of “green energy, multi-energy complementation and intelligence synergy”, with efforts to steadily increase our market value and maximize returns for our investors.

***Continue to build our portfolio of solar power projects through acquisition and self-development***

We intend to focus on acquiring solar power plants that are subject to PPAs with creditworthy counterparties that utilize high quality photovoltaic components, have low operating costs and deliver stable cash flows, similar to our existing solar power project portfolio. We also aim to develop new solar power projects in the PRC that satisfy our criteria of benefitting from strong solar irradiation, favorable FITs and government subsidies, local grid connections, developed electricity transmission infrastructure and local demand for electricity. We also plan to pursue opportunities of acquiring and developing solar power plants in new markets that offer attractive solar irradiation, regulatory environments, electricity pricing, land availability, financial access and overall electricity market trends. We believe that expansion into new markets will promote our reputation and our standing in the PV industry, allow us to acquire more know-how and technology, diversify our revenue base and increase our growth potential.

Although we intend to maintain our focus on utility-scale solar power projects, we also intend to opportunistically invest in distributed solar power projects, whereby we are able to broaden our geographical and customer reach and serve and develop relationships with captive industrial customers. We may seek to promote our going-out strategy of “B&R”, improve our market margins and expand our business scale by entering new markets, thereby meeting the target of ensuring our sustainable development. In planning our expansion, we also consider our liquidity position and risk of curtailment of electricity consumption in the regions where we operate. To effectively cope with challenges in our operations, we may enhance our fundamentals by monetizing some of our power plant assets to optimize our capital and debt structure and to improve our liquidity position.

***Maintain and develop strong relationships with our suppliers and EPC contractors***

We believe that strong long-term relationships with our suppliers and EPC contractors are critical to our continued success in developing, operating and maintaining high quality solar power plants and we expect to continue to rely on them to develop our pipeline solar power projects. We seek to maintain and further develop our long-standing relationships with our photovoltaic component suppliers and EPC contractors, so as to ensure that they continue to provide high quality supplies and construction services to our solar power plants at competitive prices and terms. We also plan to continue our development of the Photovoltaic Green-Ecosystem Organization and leverage its network of photovoltaic companies to build relationships and collaborate with other photovoltaic component suppliers and EPC contractors, so as to broaden our supplier and EPC contractor base.

***Improve the performance and reliability of our solar power projects, and enhance the cost efficiency of operations and maintenance of our solar plants (“O&M”)***

We will continue focusing on improving quality and development efficiency, and leverage our technical strength in production operation and maintenance to further enhance safe and civilized production. We plan to improve the performance and reliability of our solar power projects and enhance the cost efficiency of our O&M through implementing the following measures:

- *Use of smart technologies and project level monitoring.* We plan to increase our use of smart technologies and project level monitoring to improve the performance and reliability of our solar power projects. We intend to increase our use of aerial drones, which would allow more extensive, remote and real-time monitoring of our solar power projects, and equip our field employees with smart management phone terminals so as to allow them to feedback data into our maintenance and analysis systems.
- *Digitizing data gathering from operations and power generation.* We also plan to continuously digitize the information gathering process for all of our power generation equipment to allow efficient big data analysis and for us to identify and remedy the main causes of any issues relating to our power generation processes in as timely a manner as possible. We believe that such efforts would enhance the cost efficiency of our O&M.
- *Centralizing management system.* We also plan to enhance the cost efficiency of our O&M by strengthening our labor cost control and spare parts management by implementing and optimizing our smart cloud management system, which is a computerized centralized management system. We intend to manage O&M of all our solar power plants within a 50 kilometer radius using one dedicated team in that region, so that our workforce can be more efficiently utilized and our labor cost per MW can be reduced. We also aim to centralize and streamline ordering and management of spare parts required for maintenance, so as to reduce costs and lead time for spare parts delivery.

#### ***Continue to maintain our leadership through technological innovations***

We adopt an innovation-driven development strategy by adhering to innovations in both technology and operating model. Through our proprietary operation and maintenance system, a comprehensive solution catering to the intelligent O&M of renewable energy plants, we aim to integrate our resources, improve our O&M efficiency and enhance the profits of the renewable energy industry as a whole.

In June 2017, the world's first Panda Power Plant located in Datong, Shanxi was connected to grid. With more than 30 technological innovations, of which eight innovations pioneered in the industry, our Panda Power Plant drew industry-wide attention and signified the image of China's new energy industry. The project attracted substantial domestic and international media attention and was dubbed as a project "Fueling Splendid China"(充電美麗中國) and the "Showcase of China on Green Energy Transformation"(綠色轉型的中國名片). Looking forward, our goal is to position ourselves as a first-class international clean energy ecological investor and operator, with our business scope covering the entire clean energy industry such as photovoltaic power generation, wind power, energy storage and integrated energy. We target to expand our business coverage so that we have business throughout PRC as well as in Australia, Europe, and the "Belt and Road" countries. We have aim to build a green energy based multi-energy intelligent synergic ecosystem and provide global energy users with a full-life cycle service through value creation.

We also started our exploration of "PV +" model as in PV + tourism, PV + cultivation, PV + poverty alleviation in 2018 to broaden our integration with various industries and drive our transformation and development. We have been operating our business in an innovative, sustainable and professional manner and are heading to be a diversified and comprehensive consolidated power service provider. We plan to be more active in grasping the development opportunities in the industry, adhere to the development values of "integrating ingenuity and structural innovation" guided by our long-term strategies, continuously improve profitability, effectively allocate resources, constantly enhance the group-oriented management and build our core competitive advantages.



### ***Reduce financing costs and diversify financing channels***

We plan to actively reduce our financing costs and diversify our channels of financing. We believe our stable cash flow profile, the long-term nature of our operating solar power plants and our ability to raise equity and debt capital to finance growth, provide us with flexibility to optimize our capital structure. To that end, we plan to actively explore both onshore and offshore financing options, with a variety of lenders and investors, including banks, insurance companies, private equity funds, utility companies and conglomerates. We aim to maintain a commitment to discipline financial analysis and a balanced capital structure while evaluating opportunities to finance current assets in our solar power plant portfolio and future solar power plant acquisitions and development, with the goal of reducing our financing costs, optimizing our capital structure and maximizing the returns on our solar power projects.

We intend to pursue lower costs, greater financial health and stabilize market expectations as we endeavor to enhance our overall profitability and efficiency. Leveraging upon the resources of our strategic shareholders and our finance team, we aim to explore innovative investment and financing models, expand investment channels and stay on the track of high-quality, high-efficiency and steady development. We may also seek to monetize part of our power plant assets from time to time to optimize our capital and debt structure and liquidity position.

### ***Continue to expand business cooperation opportunities by leveraging the support and resources of our strategic shareholders***

We plan to further develop and leverage our strategic relationships with BEH, CMG and other strategic shareholders to, among other things, benefit from the financial support and other resources they are able to provide us. We believe that being in CMG's group of companies allows us to benefit from close collaboration with other CMG group companies. In addition to developing roof-top solar power projects with China Merchants Logistics, we aim to explore other solar power project development opportunities with other CMG group companies. In addition to issuing debt securities to our strategic shareholders, we also intend to explore other means in which they can extend us financing for our acquisition and development of solar power projects. For example, we are seeking investment and support from Beijing Energy Holding Co., Ltd (北京能源集團有限責任公司) to strengthen our capital base, improve our financial position and facilitate the repayment of the outstanding indebtedness and leverage its expertise in wind power and photovoltaics development. See “– *Recent Developments.*”

We also intend to expand our business by cooperating with other strategic shareholders. For example, ORIX, a leading international investment institution of renewable energy assets globally became our long-term strategic investor in 2016. Through its global subsidiaries, it can assist us in acquisitions of overseas solar power projects and share technical and operational experience with us. Looking forward, we aim to continue to leverage the strengths and resources of such strategic shareholders to improve our know-how, technology and efficiency and secure high-quality solar power project opportunities.

### **Recent Developments**

#### ***Acquisition of Entire Equity Interests in Companies owning 165MW Solar Power Plants in the PRC***

On January 29, 2021, Beijing United Rongbang (our indirect wholly-owned subsidiary) (as the purchaser), Inner Mongolia Yuanhai New Energy Co., Ltd. (內蒙古源海新能源有限責任公司), (“**Inner Mongolia Yuanhai**”) (as the vendor), and Wulate Houqi Banner Yuanhai New Energy Co., Ltd. (烏拉特後旗源海新能源有限責任公司)(“**Wulate Houqi**”) entered into an equity transfer agreement, pursuant to which Beijing United Rongbang conditionally agreed to purchase, and Inner Mongolia Yuanhai conditionally agreed to sell, the entire equity interest in Wulate Houqi. Upon completion of this acquisition, Wulate Houqi will become our indirect wholly owned subsidiary.

On 8 February 2021, Beijing United Rongbang and Inner Mongolia Xingbang (together with Beijing United Rongbang, as the “Purchasers”) (both are our indirect wholly-owned subsidiaries), Zhongming Capital Holdings Group Co., Ltd. (中明資本控股集團有限公司)(“**Vendor 1**”), Inner Mongolia Weiheng Industry and Trade Co., Ltd. (內蒙古偉恒工貿有限公司)(“**Vendor 2**”, and together with Vendor 1, the “**Vendors**”) and Inner Mongolia Minghua New Energy Co., Ltd. (內蒙古明華新能源股份有限公司)(“**Inner Mongolia Minghua**”) entered into an equity transfer agreement, pursuant to which, the Purchasers conditionally agreed to purchase, and the Vendors conditionally agreed to sell, the entire equity interest in Inner Mongolia Minghua at an aggregate consideration of approximately RMB301 million. Upon completion of this acquisition, Inner Mongolia Minghua will become our indirect wholly-owned subsidiary.

#### ***Deemed Disposal of Certain Equity Interests in a Subsidiary***

On 7 May 2021, ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司)(the “**ICBC Investment**”), United Photovoltaics (Shenzhen) Limited (聯合光伏(深圳)有限公司)(“**UP Shenzhen**”), New Light Technology Limited (“**New Light**”) (both are our indirect wholly-owned subsidiaries) and United Photovoltaics (Changzhou) Investment Group Co., Ltd. (聯合光伏(常州)投資集團有限公司)(“UP Changzhou”) (our indirect wholly-owned subsidiary) entered into the capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which, ICBC Investment conditionally agreed to inject RMB1,000 million into UP Changzhou by way of cash contribution in return for approximately RMB794 million in the registered capital of UP Changzhou, which accounts for approximately 12.21% of the enlarged equity interest in UP Changzhou (the “**Capital Increase**”). Parties also agreed that ICBC Investment is entitled to, but not obliged to, subsequently inject in aggregate of not more than RMB2,000 million within six months after the effective date of the Capital Increase Agreement in return for approximately RMB1,588 million in the registered capital of UP Changzhou (the “**Subsequent Capital Increase**”). After completion of the Capital Increase and the potential Subsequent Capital Increase, ICBC Investment will be interested in an aggregate of not more than 29.43% of the enlarged equity interest in UP Changzhou and UP Changzhou will become our indirect non wholly-owned subsidiary. Therefore, our interest in UP Changzhou will be diluted from 100% to not less than 70.57% after the completion of the Capital Increase and the potential Subsequent Capital Increase.

#### ***Repurchase of Senior Notes***

On 26 February 2021, we have repurchased 8% guaranteed senior notes which would be due in 2022 (the “**2022 Notes**”) in an aggregate principal amount of US\$33 million at a total consideration of approximately US\$34 million (including accrued and unpaid interest) in the open market. The repurchased 2022 Notes represent approximately 29.38% of the initial principal amount of the 2022 Notes and have been or will be cancelled (as the case may be) in accordance with the terms and conditions of the 2022 Notes.

#### ***Sales and Leaseback***

On 26 March 2021, Yantai Jishun Photovoltaic Power Technology Co., Ltd. (烟台吉順光電科技有限公司)(“**Yantai Jishun**”) (our indirect non wholly-owned subsidiary) and Shenzhen Jingneng Leasing (a subsidiary of BEH Finance) entered into a sales and leaseback agreement, pursuant to which, Shenzhen Jingneng Leasing agreed to provide to us sales and leaseback services for eight years, from 26 March 2021 to 25 March 2029.

#### ***Settlements with NEX Group***

On 29 March 2021, we entered into an agreement with NEX Group (as defined below) in respect of the NEX Settlements (as defined below).

In May 2020, we were informed by our predecessor auditor of certain findings during the audit of our consolidated financial statements as at and for the year ended 31 December 2019. As a result, the Board established an independent investigation committee which had engaged an external independent professional advisor to conduct an investigation on certain matters brought to our attention. Based on the findings of the investigation, we had identified (1) certain deposits were made to New Energy Exchange Limited (“NEX”) and its related entities, including Renewable Energy (Hong Kong) Trade Board Limited (“EBODHK”), which is a subsidiary of NEX, of HK\$598 million (equivalent to approximately RMB522 million) and certain other payments were made to EBODHK and CMNEG, a related company of NEX and its subsidiaries (“NEX Group”), of totalling HK\$88 million (equivalent to approximately RMB72 million); (2) deposits were made to Shenzhen Zhiyuan Renewable Energy Company Limited (“SZZY”) of RMB500 million; and (3) certain payments on behalf of NEX Group of approximately RMB303.7 million were made to one of the limited partners of Changzhou Haozhen, a then joint venture of us. The amount of RMB303.7 million was recorded as an amount due from NEX Group and included in the outstanding amounts due from NEX Group as at 31 December 2019.

During the year ended 31 December 2019, impairment loss of approximately RMB1,094 million was recognised in the consolidated statement of profit or loss in respect of the abovementioned deposits made to NEX Group and related entities and SZZY and amounts due from EBODHK and CMNEG as described in items (1) and (2) above.

In respect of item (3) above, on 29 March 2021, the Group entered into an agreement with NEX Group, which was an extension of the settlement agreement between the Group and NEX Group signed on 24 August 2020 (details are set out in our 2019 annual report), on certain new and revised settlement arrangements in relation to the outstanding net balances due from NEX Group of approximately RMB296 million as at 31 December 2020 (“**Revised Settlement Agreement**”). Pursuant to the Revised Settlement Agreement, NEX Group agreed to transfer (i) equity interests of its certain companies operating in the PRC in which the fair value of those equity interests amounted to approximately RMB35 million; (ii) our debenture held by NEX Group with maturity date on 17 April 2021 amounted to approximately RMB161 million (including both principal and interest); (iii) cash of approximately RMB10 million; (iv) cash of approximately RMB38 million upon settlement of certain trade and other receivables from independent third parties; and (v) approximately 274 million of our shares held by NEX Group in which the fair value of these shares amounted to approximately RMB60 million as at 29 March 2021, to us for full settlement of the net balances due from NEX Group (“**NEX Settlements**”). The NEX Settlements are expected to complete on or before 31 December 2021. In addition, NEX Group agreed to pledge approximately 460 million of our shares held by NEX Group (including approximately 274 million shares as mentioned in (v) above) as collaterals to the NEX Settlements to cover any remaining unsettled balance. We will consider pursuing civil action in due course against the NEX Group and SZZY in respect of the other claims (including with respect to items (1) and (2)) described above.

For more information, please refer to “*Risk Factors – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects*”

### **History and Corporate Structure**

We are a Bermuda incorporated exempted company listed on the Main Board of the Hong Kong Stock Exchange, under the stock code 00686HK. We entered the solar power industry in 2010, through the acquisition of a number of companies that were engaged in the manufacture of photovoltaic modules. Subsequently, we entered the solar power generation business through our acquisition of China Solar Power Group Limited, formerly known as China Merchants New Energy Holdings Limited, which owned solar power projects in Gansu and Qinghai in 2013.

Following our acquisition of these solar power plants, we proceeded to acquire and develop other solar power plants in the other regions of the PRC and have since grown to become a solar power company with 61 solar power plants with an aggregate installed capacity of 2,070.4MW as of December 31, 2020.

The following table sets forth a number of key milestones in our history.

Year	Key Events
<b>2015</b>	<ul style="list-style-type: none"> <li>• We were awarded the exclusive right to develop and operate a 100MW solar power plant in Datong, Shanxi province, a project that was classified by the NEA as a “Top Runner” project for the PRC solar power industry due to its significance in the region. We also jointly acquired solar power plants with an aggregate installed capacity of 80MW with China Merchants Yinke.</li> <li>• We acquired a solar power plant with an aggregate installed capacity of 100MW in Hubei, the largest solar project in central China.</li> <li>• We completed acquisitions of other solar power plants with an aggregate installed capacity of 240MW in Inner Mongolia and Xinjiang.</li> <li>• Our company was selected as a constituent of (i) the Global Small Cap China Index by Morgan Stanley Capital International, (ii) the Hang Seng Global Composite Index and (iii) the Hang Seng Composite Index.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>• We entered into a memorandum of understanding with the UNDP to develop Panda-shaped solar power plants, using black monocrystalline silicon solar cells and grey thin film solar cells, in the G20 countries to promote the development and use of clean and renewable energy.</li> <li>• Our 100MW solar power plant in Datong, Shanxi province, which was classified by the NEA as a “Top Runner” project, achieved grid connection.</li> <li>• We entered into a sale and purchase agreement to acquire six operational solar power plants, with an aggregate installed capacity of approximately 82.4MW, in the United Kingdom.</li> <li>• We completed various acquisitions of solar power plants with an aggregate installed capacity of 415.4MW in the PRC.</li> <li>• In September 2016, we entered into a strategic cooperation agreement with the UNDP to work together to launch the programme of “Youth Engagement and Innovation to Promote Sustainable Development of Panda Power Plant” and to build Panda Power Plants.</li> <li>• In November 2016, the world’s first Panda Power Plant utilizing the advanced technology from China and the United States and the panda youth summer camp started operation in Datong, Shanxi province.</li> <li>• In December 2016, we completed the placement of 100 million new shares to China Huarong and China Minsheng.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>• In January, we completed acquisitions of six operational solar power plants in the U.K., the first overseas new energy projects acquisition by a Chinese new energy enterprise after the Brexit, and gained access to the U.K. market.</li> <li>• In January, we completed an international bond issuance with the offering of three-year US\$250 million senior notes.</li> <li>• In February, we issued additional three-year US\$100 million senior notes.</li> <li>• In March, we completed the placement of an aggregate of 1,074,138,234 ordinary shares and 387,810,759 warrants to Orix and 333,247,334 ordinary shares and 120,316,825 warrants to ACP, respectively, which became the then second and the third largest strategic shareholder of our Company, respectively.</li> <li>• In May, our Panda Power Plant project was formally incorporated into the Action Plan on the Advancement of the “B&amp;R” Initiative (《關於共同推進「一帶一路」建設的行動計劃》) by the PRC government and the UNDP.</li> </ul>

Year	Key Events
	<ul style="list-style-type: none"> <li>In June, the world's first Panda Power Plant located in Datong, Shanxi completed grid-connection with an installed capacity of 50MW.</li> <li>In August, we organized the First Youth Leadership Summer Camp for Climate Action in collaboration with the UNDP in Datong, Shanxi.</li> <li>In September, our stock was included as an eligible stock for Southbound Trading in the Shenzhen-Hong Kong Stock Connect.</li> <li>We completed demonstrations for cross-border integration, including the Global Smart PV Cloud Management Center in cooperation with Huawei and the mobile application "iNEX," which promotes information sharing of power plant operations.</li> <li>In October, the Grape-Photovoltaics Integrated Project of our Group, located in Turpan, Xinjiang, completed grid connection and obtained the state's approval.</li> <li>The Company changed its name from United Photovoltaics Group Limited to Panda Green Energy Group Limited.</li> </ul>
<b>2018</b>	<ul style="list-style-type: none"> <li>In January 2018, TÜV NORD presented the world's first new standard certification of IEC 62446-1:2016 to our Company.</li> <li>We were awarded the "2018 Pioneer Award of Clean Energy" at the 8th Energy High-level Dialogue.</li> <li>We officially launched the "Operation and Maintenance System," a comprehensive solution catering to the intelligent operation and maintenance of renewable energy plants.</li> <li>We were awarded an invention patent (a black-starting method for a multi-energy storage wind and solar energy storage micro-power grid (一種含多種儲能的風光儲微電網的黑啟動方法), Patent No.: ZL201510095679.1) and four utility patents of grape-photovoltaics integration.</li> <li>In August, we jointly organized with the UNDP the Second Youth Leadership Summer Camp for Climate Action.</li> <li>We established our Global Smart PV Cloud Management System and centralized management of the Group's plants to improve efficiency.</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>CMNEG, Huarong Overseas, Huaqing (a subsidiary of QCCI) and Asia Pacific Energy and Infrastructure Investment Group Limited invested a total amount of over HK\$1.7 billion into our Company through a placement of our ordinary shares.</li> <li>We disposed of all of our solar power plants in the U.K. to an independent third party.</li> <li>We disposed of our 34% equity interests in Fengxian Huize Photovoltaic Energy Limited, an associate which held two solar power plants in the PRC with an aggregate installed capacity of 23.8MW.</li> <li>In the third quarter, we disposed of two wind power plants in the PRC with an aggregate installed capacity of 96MW and our interests in two subsidiaries which indirectly hold eight solar power plants in the PRC with an aggregate installed capacity of approximately 270MW.</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>In February 2020, BEH completed the subscription of approximately 7.177 billion of our shares through its offshore investment and financing vehicle Beijing Energy Investment Holding (Hong Kong) Co., Limited and became our largest shareholder.</li> </ul>

Year	Key Events
	<ul style="list-style-type: none"> <li>In October 2020, we were awarded the InnoESG Prize 2020 in Hong Kong, which is set up to recognise and award those listed companies that have a positive impact on the ESG field and comprehensively support for sustainable development initiatives;• In October 2020, we signed the acquisition agreement of the acquisitions of entire equity interest in four project companies which hold in total four solar power projects with installed capacity of 90MW in the PRC;</li> <li>In December 2020, we signed the acquisition agreement of the acquisition of entire equity interest in a project company which owns a photovoltaic project with an installed capacity of approximately 300MW located in Shaanxi, PRC;</li> <li>In December 2020, we signed the acquisition agreement of the acquisition of 99.2% equity interest in a project company which holds an operating solar power plant in the PRC with grid-connected capacity of approximately 50MW.</li> </ul>
<b>2021</b>	<ul style="list-style-type: none"> <li>In February 2021, our indirect wholly-owned subsidiaries signed the sale and purchase agreement of the acquisition of the entire equity interest in a project company which owns six solar power plants with installed capacity of 115MW in Inner Mongolia, PRC.</li> <li>In June 2021, our indirect wholly-owned subsidiary signed the acquisition agreement of the acquisition of entire equity interest in a project company which owns a 50MW wind power project in Xinjiang, PRC.</li> </ul>

### Our Business

Our principal line of business is generation and sale of electricity from our solar power plants. We derive the bulk of our revenue by selling electricity to subsidiaries of the State Grid and Inner Mongolia Grid and receive FITs from the relevant PRC government authorities due to the favorable FIT price support regimes. The following table sets forth our revenue breakdown for the years indicated and as a percentage of the total revenue:

	2019		2020	
	<i>(RMB in millions)</i>	<i>(% Total)</i>	<i>(RMB in millions)</i>	<i>(% Total)</i>
<b>Revenue</b>				
Sales of electricity . . . . .	629	29.0	664	30.9
Tariff adjustment . . . . .	1,539	71.0	1,485	69.1
<b>Total</b> . . . . .	<b>2,168</b>	<b>100.0</b>	<b>2,149</b>	<b>100.0</b>

The following table sets forth certain operation statistics as of and for the years ended December 31, 2019 and 2020:

	2019				2020			
	Number of power plants	Aggregate installed capacity (MW)	Electricity generation (MWh)	Weighted average utilisation hours (Hours)	Number of power plants	Aggregate installed capacity (MW)	Electricity generation (MWh)	Weighted average utilisation hours (Hours)
Subsidiaries								
– Solar power plants . . . . .	57	1,895.4	2,686,470	1,401	61	2,070.4	2,795,834	1,311
– Wind power plants . . . . .	–	–	65,761	N/A	–	–	–	N/A
<b>Subtotal</b> . . . . .	<b>57</b>	<b>1,895.4</b>	<b>2,752,231</b>		<b>61</b>	<b>2,070.4</b>	<b>2,795,834</b>	

The following table sets forth the details of electricity generation from each region as at December 31, 2020 and for the year ended December 31, 2020:

Location	As at December 31, 2020		For the year ended December 31, 2020		
	Number of solar power plants	Aggregate installed capacity (MW)	Electricity generation (MWh)	Revenue (RMB' million)	Average tariff per kWh (net of VAT) (RMB)
<b>Subsidiaries</b>					
<b>(i) Zone 1</b>					
Inner Mongolia, PRC. . . . .	10	380.0	622,831	474	0.76
Ningxia, PRC . . . . .	1	200.0	289,381	215	0.74
Gansu, PRC . . . . .	1	100.0	151,874	109	0.72
<b>Zone 1 sub-total</b> . . . . .	<b>12</b>	<b>680.0</b>	<b>1,064,086</b>	<b>798</b>	<b>0.75</b>
<b>(ii) Zone 2</b>					
Qinghai, PRC . . . . .	4	200.0	289,517	233	0.81
Shanxi, PRC. . . . .	2	150.0	233,872	173	0.74
Shandong, PRC. . . . .	3	50.0	68,981	40	0.58
Xinjiang, PRC . . . . .	7	120.2	181,888	143	0.79
Inner Mongolia, PRC. . . . .	1	60.0	97,208	76	0.79
Yunnan, PRC . . . . .	3	57.1	85,152	60	0.70
Hebei, PRC . . . . .	2	37.3	53,210	42	0.78
Sichuan, PRC . . . . .	3	50.0	85,833	57	0.67
<b>Zone 2 sub-total</b> . . . . .	<b>25</b>	<b>724.6</b>	<b>1,095,661</b>	<b>824</b>	<b>0.75</b>
<b>(iii) Zone 3</b>					
Hubei, PRC . . . . .	1	100.0	111,036	100	0.90
Shandong, PRC. . . . .	2	60.0	55,024	49	0.89
Guangxi, PRC. . . . .	1	60.0	63,179	54	0.86
Hunan, PRC . . . . .	6	120.0	102,918	88	0.85
Guangdong, PRC. . . . .	5	97.8	71,687	57	0.80
Zhejiang, PRC . . . . .	1	3.0	2,971	3	0.84
Hebei, PRC . . . . .	1	30.0	1,597	1	0.89
Anhui, PRC . . . . .	1	100.0	113,842	75	0.66
<b>Zone 3 sub-total</b> . . . . .	<b>18</b>	<b>570.8</b>	<b>522,254</b>	<b>427</b>	<b>0.82</b>
<b>(iv) Others</b>					
Tibet, PRC. . . . .	6	95.0	113,833	100	0.88
<b>Others sub-total</b> . . . . .	<b>6</b>	<b>95.0</b>	<b>113,833</b>	<b>100</b>	<b>0.88</b>
<b>Total</b> . . . . .	<b>61</b>	<b>2,070.4</b>	<b>2,795,834</b>	<b>2,149</b>	<b>0.77</b>

### Our Solar Power Plants

Our solar power plants in the PRC sell electricity under PPAs to subsidiaries of the State Grid and the Inner Mongolia Power, two PRC state-owned electric utility companies that transmit and distribute power in the PRC. The process for developing a solar power plant varies according to local regulations in each province or region, although there are certain common key milestones. Generally, a solar power plant developer first secures site control, typically by acquisition of the land or a long-term lease arrangement, obtains key energy permits, such as operational licenses, and enters into key agreements, such as grid connection agreements, PPAs and other off-take agreements. Prior to construction, the developer secures the appropriate zoning and environmental permissions, applicable construction permits, and project funding. When construction is complete, the solar power plant may be connected and begin selling electricity to the transmission grid.

- *Solar power plants in operation.* Solar power plants in operation comprise solar power plants for which we have completed construction or have been acquired by us and are generating and selling electricity. As of December 31, 2020, we operated 61 solar power plants in 17 different regions with an aggregated installed capacity of 2,070.4MW.

- *Solar power plants under construction.* Solar power plants under construction are solar power plants for which we have secured site control, energy permits, all key agreements, zoning and environmental permissions and construction permits, but are in the process of being completed.
- *Solar power plants in our pipeline.* Solar power plants in our acquisition pipeline are those for which we have attained acquisition approvals from our mergers and acquisitions committee and have entered into memoranda of understanding or have signed letters of intent with the prospective sellers. Solar power plants in our development pipeline are those for which we have obtained site controls and relevant government permits but are not yet ready for construction.

### ***Panda Power Plants***

We strived to lead in generating clean and high-quality green power and building green power plants along the “Belt and Road” routes. Utilizing the advanced technology from China and the United States, our first Panda Power Plant commenced operation in Datong, Shanxi in November 2016. It is an example of utilization of advanced production capacity to meet the challenges of climate changes. The design of the Panda Power Plant is aligned with China’s mainstream value focusing on environmental protection, sustainable development and wider use of renewable energy. We used higher quality equipment and components than the industry standard in the Panda Power Plant and thus the plant can operate at a higher efficiency and lower cost with a longer operating life.

Our future Panda Power Plants are expected to generate clean energy, increase local energy accessibility, facilitate regional economic development and help local residents share the results of modern civilization developments. We plan to continue the construction of Panda Power Plants in countries and regions along the “B&R” routes, offer innovative solutions and increase the export of our technology, equipment and experience.

### ***Other Renewable Energy Projects***

We owned development rights mainly in hydropower with an expected capacity of over 5GW and indirectly hold 75% of the equity interest in the project companies undertaking the relevant hydropower projects, while the remaining 25% is indirectly held by the People’s Government of Tibet Autonomous Region. The development of hydropower in Tibet is expected to meet the local electricity demands and realize power transmission from Tibet to Beijing and other countries along the “B&R” routes. Our development in Tibet is expected to be a momentous step in our business and contribute to China’s “B&R” initiative. As of the date of this Offering Memorandum, we are waiting for the relevant governmental authorities to set the ecological limits for the planned projects. In the short run, we are diversifying renewable energy portfolios in order to supplement the multi-type energy supply in the long run.

### ***Customers and Marketing***

Historically, we have primarily sold electricity to the State Grid and the Inner Mongolia Power, into the transmission grid of the localities in which our solar power plants are situated. We sell a small amount of electricity to commercial and industrial companies, and other solar energy system owners. Although we currently derive most of our revenue from State Grid and Inner Mongolia Grid, we expect energy service fees from other users. See “*Risk Factors – Risks Relating to Our Business and the Solar Power Industry – We depend on a number of subsidiaries of the State Grid Corporation of China and the Inner Mongolia Power (Group) Co., Ltd. “ for a significant portion of our revenues and any decrease in purchases of electricity from any one or all of them or any decrease in on-grid tariff adjustments received from the relevant government authorities could adversely affect our business and results of operations”*”.



Members of our senior and local management team routinely meet with industry players and interested investors. Our business development teams have significant experience building business in local branches of the State Grid and actively pursue growth opportunities in new and viable markets. We promote our industry reputation by participating in trade conferences and other industry events and forums, which provide access to key local industry players and government authorities that can help us identify leads and other growth opportunities.

### ***Power Purchase Agreements with Our Customers***

We have entered into a series of PPAs with various customers, including certain subsidiaries of the State Grid and the Inner Mongolia Power, who purchase electricity from us. Each PPA provides a framework for our ongoing electricity sales and governs our rights and obligations in respect of our customer. We have historically enjoyed a positive and successful partnership with our customers who have historically renewed our agreements with them upon the expiry in the ordinary course of business.

Under the PPAs, we and our customers agree on the annual sale and purchase amount of the electricity generated by our solar power plants and the FIT to be received by us. The FIT is a fixed price decided by the government and comprises two components: (i) a benchmark electricity price borne by the customer, which is decided by the benchmark market price of electricity generated by the local coal-fired power plants using the desulfurization method, and (ii) a government on-grid subsidy. The benchmark electricity price is subject to negotiation between us and our customer, and any increase in the benchmark electricity price will be offset by a deduction in the government on-grid subsidy, so that the FIT to be received by us will hold constant. Government subsidies are granted to solar power projects listed on the Renewable Energy Subsidy Catalogue and are paid to customers for forwarding to us. Our customers typically pay us the benchmark electricity price on a monthly basis. After the signing of a PPA, but before our solar power project is listed on the Renewable Energy Subsidy Catalogue and eligible to receive the government on-grid subsidy, we receive the benchmark electricity price from the customer only. After the solar power project is listed on the Renewable Energy Subsidy Catalogue, government on-grid subsidies for electricity generated between the period of signing the PPA and the listing of the project on the Renewable Energy Subsidy Catalogue will be paid by the government to our customer who will then forward such payment to us. Although the PPAs provide for an annual sale and purchase amount of electricity, our customers have historically purchased all the electricity generated by our solar power plants, our wind power plants and hydropower plants.

The PPAs are typically valid for a term of one to five years. We negotiate with our customers for renewal of a PPA one to three months prior to the PPA's expiry. The PPAs may be terminated upon occurrence of certain events such as a force majeure event, bankruptcy of either party, cancellation of the operating permit of either party or termination of the relevant grid connection agreement.

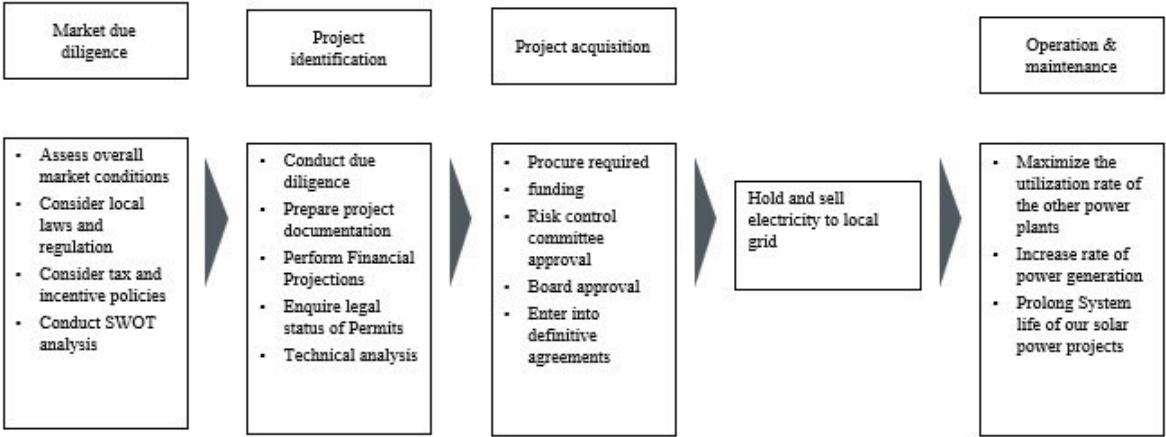
### ***Solar Power Project Acquisition and Development***

We grow our solar power plant portfolio by either acquiring or developing solar power plants, and, with respect to both acquiring and developing a solar power project, before we enter into a new market or make any major investments, our regional development teams prepare market analysis reports and financial models, including key financial assumptions, to guide us in sourcing, evaluating and developing solar power plants. Where applicable, we also generally engage reputable law firms and consulting firms, such as TÜV SÜD and TÜV Nord, to investigate the validity of regulatory permits, property laws, solar regulations, environmental laws, and tax and incentive policies, with particular focus on any PV or other renewable energy regulatory environment and policies.

**Solar Power Project Acquisition**

When we identify a suitable solar power plant for acquisition, we perform thorough due diligence based on documentation, financial projections and the legal status of each permit. We typically retain external technical consultants to analyze engineering, design and technical risks relating to target solar power plants as needed. Prior to signing a definitive acquisition agreement, an application is presented to our risk control committee, which includes the major terms of the solar power plant acquisition agreements, an economic analysis, an internal technical due diligence report and other project materials, for its approval.

The following diagram sets forth the steps taken when we acquire solar power projects.



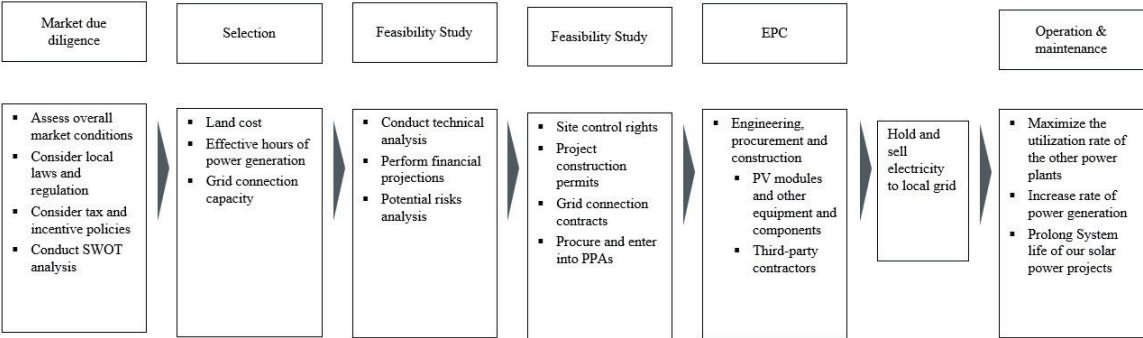
A majority of our solar power plants were acquired from third parties (“**Sellers**”). We entered into equity transfer agreements (“**ETAs**”) with the Sellers to acquire the equity interests held by them in the project companies that own and operate the solar power plants.

Generally, for a particular solar power plant acquisition, the consideration payable by us under the ETA is determined with reference to the total aggregate investment that had been made by the Seller in the project company. The consideration is typically paid in two or more installments, with each installment payable upon achievement of a particular acquisition milestone, such as the satisfaction of certain conditions precedent for the completion of the acquisition. The conditions precedent for completion of such an acquisition would typically include, among others, the completion by us of satisfactory due diligence on the project company, obtaining relevant government approvals, licenses and permits necessary for the operation of the relevant solar power plant, us obtaining internal approvals for the acquisition, as well as obtaining financing for the purchase and/or development of the solar power plant or satisfaction of the conditions for obtaining financing. A Seller would typically undertake to us that during the transition period between the signing of the ETA and completion of the acquisition, it would procure the project company to seek our written consent for entry into transactions exceeding a certain amount in value and transactions not in the ordinary course of its business, as well as investments and disposals of core assets.

**Solar Power Project Development**

When developing our own solar power projects, we generally act as a primary developer and obtain the site control rights for a solar power plant and permits required for construction and negotiate grid connection agreements and PPAs.

The following diagram sets forth the steps taken when we develop our own solar power projects.



**Engineering, Procurement and Construction**

We engage third-party contractors under EPC agreements for services, which include engineering design, construction contracting and management, procurement of PV modules, balance of system components and other components. We employ a number of measures to manage and monitor the performance of such contractors in terms of both quality and delivery time and to ensure compliance with the applicable safety and other requirements. For example, we generally have onsite supervisors and hold regular onsite meetings with the third-party contractors to monitor their work to ensure that projects progress according to schedule and adhere to quality standards. We also conduct periodic inspections to examine project implementation and quality standards compared to our project planning and prepare periodic reports for review and approval by the relevant departments in our corporate headquarters. If we identify any quality or progress issues which are attributable to the work of such contractors, we will have further follow-up discussions with them and monitor their rectification work.

We also require our third-party contractors for construction and installation to comply with applicable laws and regulations regarding work safety as well as our own production safety rules and policies. We examine and keep records of the production related safety documentation and insurance policies of our third-party contractors. All production related tools and equipment used by our third party contractors must be compliant with and certified by applicable regulatory standards. Our third-party contractors should also regularly provide their internal records relating to production safety (for example safety production training and safety inspections) to us, and we also conduct regular safety supervision and inspection on the third-party contractors.

The following are key terms of our EPC agreements:

- Construction, completion and acceptance of solar power project.* Under our EPC agreements, the contractors undertake to complete the solar power projects according to the milestone dates set forth in the agreements. In general, there are four milestone, namely, (i) commencement of work, (ii) completion of the equipment foundation construction, (iii) installation of all necessary equipment and PV components, and (iv) completion of the whole grid-connected PV power system. After completion of the system, the EPC contractor will conduct self-testing first and resolve any issues discovered during the testing. We will then conduct our own testing on the solar power plant and other equipment together with the EPC contractor and the project supervisory company. We will issue a preliminary acceptance certificate if we are satisfied with the quality of the plant (the “Preliminary Acceptance”). We will then apply to the relevant government authorities for final inspection and resolve any remaining issue discovered during the

testing. After inspection by the relevant government authorities of the solar power plant as a whole to determine whether the project complies with the prevailing regulatory requirements and technical standards, we will apply to the relevant government authorities for their approval of grid-connection. After the grid-connection and a period of trial operation, we will complete the acceptance of the plant with the involvement of all the relevant parties, including us as the plant owner, the EPC contractor, the designing company, the supervisory company and the plant operating company. Together we resolve any issue discovered during the trial operation and then engage a third-party testing company to measure the power output of the power plant. If the PV power system of the solar power plant maintains a power output of at least 81% a year after, we will issue a final acceptance certificate to the contractors.

- *Consideration.* Our EPC agreements generally sets out a fixed amount of total consideration payable to the contractor. We are not required to pay any additional amounts for any additional expenses unless we have given the contractors prior written approval.
- *Third-party contractor warranties.* Our contractors provide us with a guaranteed project completion date. If they fail to complete the solar power project on or before such date, they will be liable for liquidated damages. Our EPC agreements also contain performance warranties where the contractors warrant to us that their design and construction are in compliance with all relevant regulatory requirements and that the quality of the PV components and equipment used meet the standards required by applicable PRC laws and regulations. If the contractors fail to meet the performance warranties, they will pay us certain performance liquidated damages.
- *Defects liabilities.* The contractors also warrant to us that their construction work, PV components and equipment used are free from design, manufacture, construction, handling and assembly defects. The contractors are responsible for any required repair and maintenance work for a period of one year from the date of the issuance of the final certificate of acceptance.
- *Termination.* Our EPC agreements typically provide us with more extensive termination rights, which include the right to immediately terminate the agreement for certain major breaches and after a cure period for other breaches and termination if the contractor becomes insolvent. The contractors usually have relatively restrictive termination rights, which include the right to terminate for non-payment or prolonged force majeure.

We maintain an updated list of qualified and reliable suppliers and third-party contractors with a proven track record with whom we have established relationships. We choose our suppliers and third-party contractors through a bidding process or through our affiliates or other cooperative arrangements with various manufacturers and contractors. Our procurement and construction department organizes and collect bids, communicate with bidders and coordinate with our development teams to meet local technical and legal requirements.

### ***Solar Power Plant Operations and Maintenance***

We learn to utilize customized software, such as “Global Smart PV Cloud Management” from Huawei, to allow for remote and centralized management of all our solar power plants, and mobile applications and drones to monitor and manage the performance and security of our solar power plants on a real-time basis. As such, we strive to constantly and closely monitor the entire power production and delivery process and ascertain the cause of any operational problems very shortly after it arises. At the same time, we regularly maintain our solar power plants with an intention to maximize the utilization rate, rate of power generation and system life of our solar power plants. We engage on the ground contractors who are on call to promptly remedy any issues that may arise. Solar power plants have no moving parts and consequently low operations and maintenance costs.

## **Competition**

We face competition from local and international developers of solar power plants, many of whom are integrated with upstream manufacturers, and other renewable power producers, such as wind and hydro power producers. We believe our main competitors in the solar power industry are large state-owned solar power producers including China Energy Investment Group (國家能源投資集團), State Power Investment Corporation (國家電投集團), China Huaneng Group (中國華能集團), China Huadian Corporation (中國華電集團), China Three Gorges Corporation (中國長江三峽集團), China Datang Corporation (中國大唐集團), China National Nuclear Corporation (中國核工業集團) and China General Nuclear Power Corporation (中國廣核集團), among others. We also face competition in circumstances where large local and multinational corporations operating in the PRC establish their own distributed solar power projects. For instance, companies such as Haier, Volkswagen and Coca-Cola have established solar power plants of under 20MW for use in their own operations in the PRC.

Due to differing geographic suitability for different types of renewable power generation in different localities in the PRC, we compete with diversified but wind-focused power producers, such as Huadian Fuxin Energy Corporation Limited and Huaneng Renewables Corporation Limited, the larger publicly-listed diversified wind-focused power producers with installed solar power capacities of over 450MW, on a more limited extent. See "*Risk Factors – Risks Relating to Our Business and the Solar Power Industry – We face significant competition in the markets in which we operate.*"

## **Properties**

We hold land use rights to the land on which our solar power plants, electric power generation, storage facilities and administrative offices are located.

## **Environmental, Health and Safety Compliance**

We are subject to numerous laws and regulations governing, among other matters, land utilization, development and zoning plans, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. We are also subject to environmental regulations such as regulations relating to the safeguard of natural conditions and animal wild life. Under such regulations, we are required to construct and maintain facilities to avoid polluting the areas in which we construct solar power plants. We regularly clean our solar panels to ensure optimal efficiency of power generation and we require permits to use water for the cleaning of solar panels.

## **Insurance**

We have comprehensive insurance policies that cover our business, our properties and our employees. We employ a risk management policy for purposes of analyzing and reviewing the risks faced by our businesses in determining the appropriate insurance policies to maintain or procure. Our coverage includes all risk property insurance, machinery insurance, business interruption insurance, employer liability insurance and public liability insurance.

## **Intellectual Property**

We rely on trade secret protection and confidentiality agreements to safeguard our interests. We believe that many elements of our solar power plant acquisition and development involve proprietary know-how and, to date, we have a number of patents, including a dynamic duty cycle compensation device, to ensure maximum power generation from each PV module (一種動態佔空比補償裝置); the ability to construct floating solar power plants (水面上漂浮、行駛由太陽能電池組件構成的無樁光伏電站); the ability to construct solar power plants in coastal locations with light, humidity and temperature sensors to maximize power generation (帶溫度、濕度、光照感測器的沿海灘塗上的太陽能電站) and a Maximum Power Point Tracking control device, which captures the maximum available power from PV

modules by taking into account solar radiation, ambient temperature and solar cell temperature (一種用於太陽能光伏發電系統的MPPT控制裝置及方法). As of December 31, 2020, the Company owned altogether 14 invention or utility patents.

### **Employees**

We had 412 and 436 full-time employees as of December 31, 2019 and 2020, respectively.

### **Governmental Regulations and Licenses**

Our operations are subject to a variety of laws and regulations promulgated by the national and local governments of each jurisdiction in which we operate. Except as otherwise disclosed in this offering memorandum, we believe we are in compliance in all material respects with the applicable governmental regulations in each jurisdiction in which we operate. We are not aware of any governmental proceedings or investigations to which we might become a party and which may have a material adverse effect on our properties and operations.

Various governmental, quasi-governmental, and regulatory agencies require the holding of certain licenses, concessions, and permits with respect to operations in the solar power industry. Our operations are conducted under valid licenses, concessions, permits, or certificates granted by the applicable regulatory body in that jurisdiction.

We maintain regular dialogues with local governments and regulatory authorities through their management teams or representatives in each jurisdiction, ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

### **Legal Proceedings**

As of the date of this Offering Memorandum, there were no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which we are aware) that may have a material effect on our financial position or profitability.

## REGULATION

### Principal Regulatory Authorities Relating to Our Business

We, and our PRC subsidiaries, are principally subject to the supervision and restriction by a number of PRC governmental agencies and regulatory authorities. Such governmental agencies and regulatory authorities and their functions are as follows:

The National Development and Reform Commission (“**NDRC**”), provincial Development and Reform Commission and local Development and Reform Commission (collectively, “**DRC**”) are responsible for:

- setting and implementing major policies concerning China’s economic and social development;
- reviewing and approving investment projects in the power industry that have reached a certain scale;
- promulgating regulations and rules in connection with the operation of power plants;
- approving electricity tariffs; and
- accepting and approving Clean Development Mechanism (“**CDM**”) projects.

National Energy Administration (“**NEA**”) (the State Electricity Regulatory Commission (“**SERC**”) has been merged into the NEA since March 2013) and its local branches are mainly responsible for (among other functions):

- promulgating rules for the power industry;
- supervising the operations and legal compliance of the participants in the power industry;
- issuing and administering Electric Power Business Permits (電力業務許可證); and
- supervising the power market.

The Ministry of Natural Resources and local natural resources authorities (“**MNR**”) are responsible for the compliance with relevant regulations on planning, administration, protection and reasonable utilisation of natural resources in land occupied by electricity projects. The Ministry of Ecology and Environment (“**MEE**”) is responsible for the supervision of environmental protection and monitoring of the PRC’s environmental system at the national level. The Ministry of Emergency Management (“**MEM**”) which replaces the original State Administration of Work Safety is responsible for supervising the work safety of power generation operations and project construction, and formulating various safety regulations. The Ministry of Commerce (“**MOFCOM**”) is responsible for formulating and implementing regulations in relation to foreign investment in China and foreign mergers and acquisitions of Chinese entities. The State Administration of Taxation (“**SAT**”) is responsible for promulgating and implementing tax policies and regulations.

### Overall Regulatory Scheme in the PRC Power Industry

The regulatory framework of the PRC power industry is mainly set by the Electric Power Law of the PRC (《中華人民共和國電力法》)(“**Electric Power Law**”) and the Regulation on Electric Power Supervision (《電力監管條例》), which became effective on 1 April 1996 (amended on 27 August 2009, 24 April 2015 and 29 December 2018) and 1 May 2005 respectively. One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and regulates PRC and foreign investment in the power industry. The Regulation on Electric

Power Supervision sets out various aspects for strengthening electric power supervision, standardising the supervision of electric power and improving the electric power supervisory system, including, among others, regulatory institutions, issuance of electric power business licences, supervision and administration of electricity regulatory institutions, as well as legal liabilities arising from violations of regulatory provisions.

### **Electric Power Business Permit**

Pursuant to the SERC's Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》)(“**Permit Provision**”) which became effective on 1 December 2005 (amended on 30 May 2015), the PRC power industry adopted the market-access permit system.

Pursuant to the Permit Provision, unless otherwise provided by the SERC, any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business permit promulgated by the SERC.

Application for an electric power business under the Permit Provision must comply with the following requirements:

- possessing legal personality;
- having the financial capability commensurate to the electric power business applied for;
- the persons in charge of each of production and operation, technology, safety and financial affairs having at least three years' working experience related to the electric power business applied for, and having the certificates of intermediate above professional and technical qualifications or the certificate of job training; and
- other requirements prescribed by the laws and regulations.

Application for an electric power business for power generation under the Permit Provision, other than satisfying the above requirements, must comply with the following requirements:

- the construction of power generation projects having been approved or verified by competent authorities;
- power generation facilities capable of power generation and operation; and
- power generation projects having been in compliance with the relevant environmental protection requirements and regulations.

According to the former SERC, power plants which were constructed and became operational after 1 December 2005 and before 31 July 2006 must obtain the electric power business permit applicable to power generation companies by the end of 2006. Power plants having newly constructed power-generating projects which became operational after 1 August 2006 shall obtain an electric power business permit for their newly constructed projects as well as their existing projects within three months from the commencement of operations of the newly constructed projects.

### **Project Approvals**

In accordance with the Decision on the Reform of Investment System (《關於投資體制改革的決定》), the Notice Regarding the Strengthening and Regulation of the Administration of Newly-commenced Projects (《關於加強和規範新開工項目管理的通知》), the Notice of the State Council on Promulgating the Catalogue of Investment Projects Subject to Government Verification and Approval (2016 Version) (《國務院關於發布政府核准的投資項目目錄(2016年本)的通知》), the construction of a power project may only commence after obtaining government approvals and requisite permits.



The Interim Measure for Administration of Photovoltaic Power Plant Projects (《光伏電站項目管理暫行辦法》), which became effective on 29 August 2013, further provides that, the competent energy department under the State Council is in charge of supervision and administration of the construction and operation of the nationwide photovoltaic power plant projects, and under the guidance of the competent energy department under the State Council, the provincial competent energy departments are in charge of the supervision and administration of the construction and operation of photovoltaic power plant projects of their respective areas. Prior to the construction of a photovoltaic power plant project, preparation work including site planning, resources analysis, construction condition analysis and market demand analysis shall be completed. The provincial competent energy departments administer the filing of the photovoltaic power plant projects in accordance with the administration regulation on investment projects prescribed by the State Council. Projects for filing shall comply with the national solar power generation development plan and the regional annual implementation scheme set by the competent energy department under the State Council, and shall have met grid-connection conditions. Upon completion of the project filing, the photovoltaic power plant shall commence construction in a timely manner after obtaining the relevant construction documents required by the laws and regulations, and make an arrangement with power grid enterprises for subsequent electricity outputs. The project construction entity cannot change important items in the filing papers, such as investment body, project site and construction scale.

### **Dispatch**

All electric power generated in China is dispatched through power grids, except for electric power generated by facilities not connected to a grid. The dispatch of power to each grid is administered by dispatch centres. Dispatch centres are responsible for the administration and dispatch of planned output of power plants connected to the grid. The Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例》)(“**Dispatch Regulations**”), which became effective on 1 November 1993 (amended on 8 January 2011), primarily regulates the operations of dispatch institutions including dispatch system, dispatch plan, dispatch rule and dispatch order.

Pursuant to the Dispatch Regulations and the Implementation Measures for Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例實施辦法》)(“**Implementation Measures**”), which became effective on 11 October 1994, dispatch institutions are established at each of five levels: the national dispatch institution; the inter-provincial, inter-autonomous regional and inter-municipal dispatch institutions; the provincial-level, autonomous regional-level and municipal-level dispatch institutions; the dispatch institutions of municipalities under provinces; and the county-level dispatch institutions. The Implementation Measures further stipulate dispatch organisation and administration, dispatch plan administration and grid-connection administration.

### **FITS**

Tariffs are to be formulated to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly and to promote the construction of additional power projects. The FITs for planned output and excess output are subject to the procedures involving review and approval by the DRC and the provincial pricing bureaus. The Interim Measures for the Administration of FITs (《上網電價管理暫行辦法》)(“**Interim Measures**”), which became effective on 1 May 2005, primarily provides regulatory guidance for FITs. For the FITs prior to the competitive bidding for grid-connection, the FITs of an independent electricity generation enterprise shall be verified by the price administrative department of the government on the basis of the economic service period of its electricity generation project and pursuant to the principles of reasonable compensation for cost, reasonable determination of profits, and legitimate inclusion of taxes. For the FITs after the competitive bidding for grid-connection, the two-tier FIT is applied: a capacity tariff shall be determined by the price administrative department of the government, which is set on the basis of the average investment cost of various electricity generation units participating in the competition of a regional power market

or a trading centre for dispatching the power; while a coulometric tariff shall be set through market competition. Furthermore, electricity generation enterprises using new and renewable energy may not participate in the market competition temporarily.

On 11 October 2009, NDRC, SERC and NEA issued a Notice on Issues concerning Regulating the Management of Prices for Electricity Trading (《關於規範電能交易價格管理等有關問題的通知》), pursuant to which, after power generators coming into commercial operation, the FITs set by the competent pricing bureaus shall uniformly apply to the amounts of feed-in electricity of the power generators, except in the case of inter-provincial and inter-regional electricity trading or where it is otherwise prescribed by the PRC government. Prior to power generators coming into commercial operation, except for hydropower generators, the FITs approved by competent pricing bureaus shall be implemented for the renewable energy power generators from the date of grid-connection. Payments for purchase of electricity by power grid enterprises shall be included as power purchase costs.

On 28 April 2019, the NDRC issued the Notice on Certain Issues to Improve the Mechanism on Photovoltaic FITs (《國家發展改革委關於完善光伏發電上網電價機制有關問題的通知》), which took effect on 1 July 2019. Pursuant to the Notice, with some exceptions, the FITs for qualified new utility-scale ground-mounted power plants are RMB0.40, RMB0.45 and RMB0.55 per kWh, respectively, for radiation level I, level II and level III at the location of the relevant solar power plant. The FITs for certain plants with unconfirmed FITs that have completed on-grid formalities before a certain cut-off date can receive FITs amount to RMB0.50, RMB0.60 and RMB0.70 per kWh, for radiation level I, level II and level III at the location of the relevant solar power plant.

On 31 March 2020, the NDRC issued the Notice on Certain Issues Regarding the Policies on Photovoltaic FITs of 2020 (《國家發展改革委關於2020年光伏發電上網電價政策有關事項的通知》), which took effect on 1 June 2020. Pursuant to the Notice, with some exceptions, the FITs for qualified new utility-scale ground-mounted power plants are between RMB0.35 and RMB0.49 per kWh, based on the radiation levels at the location of the relevant solar power plant.

On June 7, 2021, the NDRC issued the Notice on Certain Issues Regarding the Policies on New Energy FITs of 2021 (《國家發展改革委關於2021年新能源上網電價政策有關事項的通知》), which takes effect on August 1, 2021. Pursuant to this Notice, the subsidies for the newly recorded centralized photovoltaic power plants and commercial and industrial distributed photovoltaic projects would be halted.

## **Regulatory Scheme on Renewable Energy**

### *Renewable Energy Laws and Regulations*

In accordance with the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》)(“**Renewable Energy Law**”), which became effective on 1 January 2006 (amended on 26 December 2009) and the Guidance Catalogue on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》)(“**Guidance Catalogue**”), solar power is classified as a renewable energy. It also provides financial incentives, such as national funding, preferential loans and preferential tax treatment for the development of renewable energy projects and authorises the relevant pricing authorities to set favourable prices for electricity generated from solar and other renewable energy sources.

On 4 July 2013, the State Council promulgated Several Opinions on Facilitating the Healthy Development of Photovoltaic Industry (《國務院關於促進光伏產業健康發展的若干意見》), which emphasises the importance of the healthy development of the photovoltaic industry and sets out policy orientation for the active exploration of photovoltaic application markets, industry structure adjustment and technology advancement, regulation of the order of industry development, the perfection of the grid-connection administration and service as well as supporting policy.

## ***Mandatory Purchase and Dispatch Priority***

### *Mandatory Purchase*

The Renewable Energy Law imposes mandatory obligations on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services and related technical support.

In addition, according to the Regulatory Measures for Grid Enterprises' Full Purchase of Renewable Energy Electricity (《電網企業全額收購可再生能源電量監管辦法》), which became effective on 1 September 2007, SERC and its dispatch offices shall regulate grid enterprises' full purchase of feed-in electricity from grid-connected renewable energy electricity generation projects within the grid coverage.

### *Dispatch Priority*

On 2 August 2007, the State Council approved the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》), which is aimed at optimising the efficient use of natural resources and encouraging energy savings to achieve sustainability. Pursuant to this regulation, power generators are able to enjoy the highest dispatch priority if they use renewable energy including wind, solar and tidal power. Pursuant to such regulation, the dispatch priority of power generation units is determined in the following sequence: (a) non-adjustable power generation units utilising renewable fuels; (b) adjustable power generation units utilising renewable fuels and garbage power generation units meeting environment protection requirements; (c) nuclear power generation units; (d) cogeneration units and resources comprehensive utilisation power generation units; (e) natural gas and coal gasification power generation units; (f) other coal power generation units, including cogeneration units without heat load; and (g) oil-fired power generation units.

### *Tariff and Cost Sharing Program*

In January 2006, NDRC issued two implementing rules relating to the Renewable Energy Law: (1) the Trial Measures on the Administration over the Pricing and Cost Allocation of Renewable Energy Power Generation (《可再生能源發電價格和費用分攤管理試行辦法》) and (2) the Administrative Regulations Relating to the Renewable Energy Power Generation (《可再生能源發電有關管理規定》). These implementing rules, among other things, set forth general policies for the pricing of feed-in power generated by solar and other renewable energy. In addition, MOF issued the Interim Measures for the administration of special funds for clean energy development, which took effective date on 12 June 2020 (《清潔能源發展專項資金管理暫行辦法》), and the PRC government has established special funds through the central general public budget to support the development and utilization of renewable energy, clean fossil energy and clean utilization of fossil energy, namely the "Clean Energy Development Special Fund" ("**Special Fund**"). The implementation period of the Special Fund shall be run from 2020 to 2024. After expiry, the prescribed procedures shall be applied for renewal.

### *Additional Subsidy Funds*

Pursuant to the Notice on Issuing the Measures for Administration of Additional Funds for Renewable Energy Power Prices (《關於印發〈可再生能源電價附加資金管理辦法〉的通知》) jointly promulgated by MOF, NDRC and NEA on January 20, 2020, and effective as of the same day, the MOF makes annual budgets for the subsidy fund for renewable energy power prices. Grid companies shall regularly publish and timely update the list of renewable power projects satisfying certain subsidy standards, apply to the competent governmental agencies for the subsidy every year and pay to the renewable energy companies within 10 business days generally upon receipt of such subsidy. The subsidy standard for the renewable energy power generated by the renewable energy power projects in the list shall be calculated as the following equation if the subsidy is based on feed-in price: subsidiary standard=(the purchase price of grid companies-the benchmark feed-in price of coal-fired power)/(1+applicable VAT

rate), or as the following equation if the subsidiary is in quota, subsidiary standard=the quota subsidy standard/(1+applicable VAT rate). The specific subsidy for a project will also be ratified by the amount of reasonable usage hours.

### Environmental Regulations

The Company and its PRC subsidiaries are subject to a variety of governmental regulations related to the storage, use and disposal of hazardous materials. Further, it generates and discharges toxic, volatile or otherwise hazardous chemicals and waste in its research and development and manufacturing activities. The major environmental regulations applicable to the Company and its PRC subsidiaries include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》), the Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國環境噪聲污染防治法》), the Law of the PRC on Appraising Environment Impacts (《中華人民共和國環境影響評價法》), the Implementing Regulations for the Law of the People's Republic of China on Environmental Protection Tax (《中華人民共和國環境保護稅法實施條例》), Regulation on Work Safety Permits (《中華人民共和國安全生產許可證條例》), the Regulation of Hazardous Chemicals Safety Management (《危險化學品安全管理條例》) and the Law of the PRC on Occupational Disease Prevention (《中華人民共和國職業病防治法》), and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》). According to the laws above, the construction of all power plants shall be subject to environmental impact assessment procedures which vary depending on the environmental impact of different types of power plants. After completion of their construction and before the commencement of their commercial operation, all power plants shall be subject to the environmental protection inspection for construction completion, and shall satisfy the specific environmental protection requirements on the projects formulated by the environmental authorities.

### Production Safety

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), which became effective on 1 November 2002 (amended on 27 August 2009 and 31 August 2014), is the principal legislation governing the supervision and administration of work safety of entities engaged in production and other business activities within the territory of the PRC. Measures for the Supervision and Administration of Work Safety of Power Industry (《電力安全生產監督管理辦法》), which became effective on 1 March 2015, is a regulation and rule regulating the safety for the safe production of power, and guaranteeing the safe and stable operation of the electric power system and the reliable supply of electric power. The NEA is responsible for the supervision and administration of nationwide power work safety.

### Labour Protection

The main PRC labour laws and regulations applicable to power plants include the labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》).

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated on 29 June 2007 and became effective on 1 January 2008 (amended on 28 December 2012 and such amendments became effective on 1 July 2013). This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, labour contracts. Compared to the PRC Labour Law, the new PRC Labour Contract Law provides additional protection to employees by requiring written labour employment contracts and long-term

contractual employment relationships, limiting the scope of the circumstances under which employees could be required to pay penalties for breach of labour contracts and imposing stricter sanctions on employers who fail to pay remuneration or social security premiums for their employees.

## **Tax Preference**

In China, enterprises that engage in renewable energy enjoy certain preferential tax treatment. The Guidance Catalogue on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》), promulgated by the NDRC on 29 November 2005 sets out 88 types of renewable energy projects which may be entitled to preferential tax treatment or designated funding if requirements of other laws and regulations are satisfied by these types of projects.

### *Corporate Income Tax*

Pursuant to the Circular on the Execution of the Catalogue of Public Infrastructure Projects Entitled to Preferential Tax Treatment (《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》), jointly promulgated by the MOF and SAT on 23 September 2008, for the investment and operation income of enterprises established after 1 January 2008 and that engage in public infrastructure projects, starting from the tax year in which the project generates operating income, the corporate income tax will be exempted for the first three years, and a 50% reduction will apply to the period from the fourth to the sixth year, provided that the investor of the project completes the registration process with the competent tax bureau within 15 days after first obtaining operating income. According to the Circular on Continuing the Western Development Enterprise Income Tax Policies (《關於延續西部大開發企業所得稅政策的公告》) promulgated on 23 April, 2020 and the Catalogue of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》) promulgated on 1 March 2021 and updated on 18 January, 2021, for enterprises established in western regions and engaged in the construction and operation of solar energy system, the enterprise income tax shall be collected at a reduced rate of 15% from 1 January 2011 to 31 December 2030.

## **Regulations Relating to Foreign Exchange**

### *Control of Foreign Exchange*

Foreign currency exchange in the PRC is primarily governed by two administrative regulations, namely, the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》)(“**Foreign Exchange Administration Rules**”), promulgated by the State Council on 29 January 1996 (amended on 14 January 1997 and 5 August 2008), and the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》)(“**Regulations of Settlement, Sale and Payment of Foreign Exchange**”), promulgated by the People’s Bank of China on 20 June 1996.

Under the Foreign Exchange Administration Rules, the Renminbi is freely convertible for routine current account items, including distribution of dividends, payment of interest, trade and service-related foreign exchange transactions. Conversion of Renminbi for most capital account items, such as direct investment, overseas loans, securities investment and repatriation of investment, however, is still regulated.

Under the Regulations of Settlement, Sale and Payment of Foreign Exchange, FIEs may only buy, sell and/or remit foreign currencies at those banks authorised to conduct foreign exchange business complying with certain procedural requirements, such as providing valid commercial documents and, in the case of certain capital account item transactions, obtaining approval from the SAFE.

### *Dividend Distribution*

The principal regulations governing distribution of dividends paid by FIEs are:

- Foreign Investment Law of the People’s Republic of China (2019);

- Implementation Regulations for the Foreign Investment Law of the People’s Republic of China (2019);
- Company Law of the People’s Republic of China (1993), as amended.

Under these regulations, the Company and its PRC subsidiaries in the form of FIEs may pay dividends according to the Company Law of the People’s Republic of China. *Circular No 37*

On 4 July 2014, SAFE released the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Offshore Investment and Financing and Return Investment via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)(“**Circular No 37**”). Pursuant to Circular No 37, a PRC resident should apply to the SAFE for foreign exchange registration of overseas investments before it makes capital contribution to an SPV using his or her legitimate domestic or offshore assets or interests. SPVs mean offshore enterprises directly established or indirectly controlled by domestic residents for the purpose of investment and financing by utilising the domestic or offshore assets or interests they legally hold. Following any significant change in a registered offshore SPV, such as capital increase, reduction, equity transfer or swap, consolidation or division involving domestic resident individuals, the domestic individuals shall amend the registration with the SAFE. Where an SPV intends to repatriate the funds raised after completion of the offshore financing to the PRC, it shall comply with relevant PRC regulations on foreign investment and foreign debt management. A foreign-invested enterprise established through return investment shall complete relevant foreign exchange registration formalities according to the prevailing foreign exchange administration regulations on foreign direct investment and truthfully disclose information on the actual controller of its shareholders.

#### **NDRC Circular**

On 14 September 2015, the NDRC published the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (《國家發改委關於推進企業發行外債備案登記制管理改革的通知》)(“**NDRC Circular**”), which came into effect on the same date. The main provisions of the NDRC Circular are listed below:

- abolish the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Achieve the supervision and administration of the size of foreign debts borrowed on a macro level through the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within ten working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised and back flow of funds. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within five working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises (企業發行外債備案登記證明) within seven working days of accepting the application and within the limit of the total size of foreign debts;

- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration; and
- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

On 18 December 2015, the NDRC published the Guideline on the Issuance of Foreign Debt by Enterprises (《企業境外發行債券指引》)(“**Guideline**”), which further clarifies certain issues in the NDRC Circular. According to the Guideline, the entities subject to the filing requirements in the NDRC Circular include onshore enterprises (including financial entities) and their controlled offshore enterprises or branches; and the “foreign debts” under the NDRC Circular include but are not limited to ordinary notes, senior notes, financial notes, perpetual notes, convertible notes, preferred shares and other offshore debt financing tools. In addition, the Guideline further requires the onshore entities which failed to complete the pre-issuance registration by the promulgation of the Guideline to complete the pre-issuance registration by the end of January 2016, and those onshore entities which failed to submit to the NDRC the relevant information in relation to the issuance of the offshore notes should complete the submission as soon as practicable. Furthermore, according to the Guideline, the NDRC will set a “black list” and a credit information exchange platform on the credit information for those entities or intermediaries that have provided false information in its registration with the NDRC, and will impose punishment with other government authorities on such entities. As new regulations, the NDRC Circular and the Guideline will be subject to interpretation and application by the relevant PRC authorities, and it remains unclear what impact non-compliance will have on the legality, enforceability and validity of the notes.

## MANAGEMENT

### DIRECTORS

The Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Positions
Mr. Zhang Ping (張平)	53	Executive Director and the Chairman of the Board
Mr. Lu Zhenwei (盧振威)	50	Executive Director
Mr. Xu Jianjun (徐建軍)	50	Executive Director
Mr. Sui Xiaofeng (隋曉峰)	40	Non-executive Director
Mr. Zhao Bing (趙兵)	43	Non-executive Director
Mr. Li Hao (李浩)	39	Non-executive Director
Ms. Jin Xinbin (靳新彬)	67	Independent Non-executive Director
Ms. Li Hongwei (李紅薇)	59	Independent Non-executive Director
Mr. Zhu Jianbiao (朱劍彪)	47	Independent Non-executive Director

### Executive Directors

**Mr. Zhang Ping (張平)**, aged 53, was appointed as the executive Director and the Chairman of the Board of the Company on 21 February 2020. Mr. Zhang also serves as the assistant to the general manager of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), which is a controlling Shareholder of the Company. Mr. Zhang served as the deputy director of the party-masses work department, the director of the general manager work department, the assistant to the general manager, the secretary of the discipline inspection committee, the chairman of the labor union of Inner Mongolia Daihai Electric Power Generation Co., Ltd.\* (內蒙古岱海發電有限責任公司); the manager of the comprehensive management department and the vice president of Beijing Jingneng International Power Co., Ltd.\* (北京京能國際能源股份有限公司); the secretary of the party committee and the general manager of Inner Mongolia Daihai Electric Power Generation Co., Ltd.\* (內蒙古岱海發電有限責任公司); the general manager of Beijing Jingneng Thermal Power Co., Ltd.\* (北京京能熱電股份有限公司); the deputy chairman, the secretary of the party general branch and the general manager of Beijing Jingneng Power Co., Ltd.\* (北京京能電力股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600578); the executive director and the general manager of Beijing Jingneng Coal-fired Power Asset Management Co., Ltd.\* (北京京能煤電資產管理有限公司); the chairman and general manager of Beijing Jingneng International Power Co., Ltd.\* (北京京能國際能源股份有限公司); the secretary to the board of directors and group office director of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司); and the non-executive director of Datang International Power Generation Co., Ltd., the shares of which are listed on the main board of the Stock Exchange (stock code: 991) and the Shanghai Stock Exchange (stock code: 601991). Mr. Zhang has over 30 years of extensive experience in the energy industry. Mr. Zhang obtained a master's degree in business administration from Fudan University and a doctorate degree in management from North China Electric Power University.

**Mr. Lu Zhenwei (盧振威)**, aged 50, was appointed as an executive Director of the Company on 10 June 2013. Mr. Lu is also a director and the chairman of the board of directors of each of China Merchants New Energy Group Limited and China Merchants Technology Holdings Company Limited, the deputy general manager of China Merchants Innovation Investment Management Limited\* (招商局創新投資管理有限責任公司), the general manager of Shenzhen China Merchants Yinke Investment Management Ltd.\* (深圳市招商局銀科投資管理有限公司), and the director of New Energy Exchange Limited. Mr. Lu previously served as a director of Beijing Huahuan Electronics Co., Ltd.\* (北京華環電子股份有限公司) and China KZ High Technology Co., Ltd.\* (中國科招高技術有限公司). From May 2003 to May 2008, Mr. Lu served as a director of Shenzhen GuoHua Network Security Technology Co., Ltd.\* (深圳國華網安科技股份有限公司) (formerly known as Shenzhen CAU Technology Co., Ltd.\* (深圳中國農大科技股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000004). Mr. Lu possesses profound understanding and unique insights in project financing and



business operation and has more than ten years' experience in financial management, business management and project investment. Mr. Lu obtained a Bachelor's degree in economics from Shanghai Maritime University and a Master's degree in finance from Zhongnan University of Economics and Law.

**Mr. Xu Jianjun (徐建軍)**, aged 50, was appointed as an executive Director of the Company on 27 June 2019. Mr. Xu has served as deputy party secretary, general manager and director of Qingdao Industrial Investment (Group) Co., Ltd.\* (青島城投實業投資(集團)有限公司), which is a holding subsidiary of the Company's substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd., since December 2016, where he is responsible for overseeing the daily operation and management of the company. Mr. Xu has also served as an executive director of Qingdao City Construction New Energy Investment Co., Ltd.\* (青島城投新能源投資有限公司) since May 2018. From April 2016 to December 2016, Mr. Xu acted as the deputy general manager of Sheng Yuan Investment Co., Ltd.\* (盛源投資有限公司). Mr. Xu further acted as deputy manager of the securities investment and equity management department of Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd.\* (青島華通國有資本運營(集團)有限公司) from June 2015 to April 2016. From May 2008 to June 2015, Mr. Xu was the office manager of Qingdao Financing Guarantee Centre Co., Ltd.\* (青島擔保中心有限公司). Therefore, Mr. Xu has expertise in the equity financing and investment industry. Mr. Xu was awarded a Bachelor's degree of Arts from the Shandong University of Art & Design in 1996.

#### **Non-executive Directors**

**Mr. Sui Xiaofeng (隋曉峰)**, aged 40, was appointed as a non-executive Director of the Company on 29 June 2020. Mr. Sui also serves as the head of strategic development department of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司) and a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited\* (北京能源投資集團(香港)有限公司), both companies of which are controlling Shareholders of the Company. Mr. Sui served as the general manager and deputy general manager of Beijing Yuanshen Energy Saving Technology Co., Ltd.\* (北京源深節能技術有限責任公司) successively from March 2012 to April 2018; an assistant to general manager of Beijing Jingneng Clean Energy Co., Limited\* (北京京能清潔能源電力股份有限公司), the shares of which are listed on the main board of the Stock Exchange (Stock Code: 579), from July 2010 to March 2012; a project manager and department manager and deputy manager of Beijing Jingneng Energy Technology Investment Co., Ltd.\* (北京京能能源科技投資有限公司) successively from January 2005 to June 2010. Mr. Sui has extensive experience in the energy industry. Mr. Sui is a professorate senior engineer in thermal power engineering technology. He obtained a bachelor's degree and a master's degree in power engineering and engineering thermophysics from Tsinghua University.

**Mr. Zhao Bing (趙兵)**, aged 43, was appointed as a non-executive Director of the Company on 29 January 2021. Mr. Zhao also serves as the head of finance department of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司), which is a controlling Shareholder of the Company, the chairman and the general manager of Beijing Jingneng International Power Co., Ltd.\* (北京京能國際能源股份有限公司), a director of Bank of Beijing Co., Ltd.\* (北京銀行股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601169) and a director of Beijing Haohua Energy Resource Co., Ltd.\* (北京昊華能源股份有限公司) ("Haohua Energy"), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601101). Mr. Zhao served as the deputy general manager and the chief accountant of Beijing Jingneng Power Co., Ltd.\* (北京京能電力股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600578), successively from March 2018 to July 2020; the financial controller and the director of Haohua Energy successively from March 2017 to May 2018; the head of strategic investment department of Beijing Jingmei Group Co., Ltd.\* (北京京煤集團有限責任公司) from June 2016 to March 2017; the head of securities department of Haohua Energy from June 2013 to June 2016; the deputy general manager and the financial controller of Erdos Haohua Clean Coal Co., Ltd.\* (鄂爾多斯市昊華精煤有限責任公司) successively from June 2009 to June 2013; the deputy head of finance department of Haohua Energy from November

2007 to June 2009. Mr. Zhao has extensive experience in finance and management. Mr. Zhao is a senior accountant who graduated from Heilongjiang University of Science and Technology with a bachelor's degree in management, and received a master's degree in finance from Queen's University in Canada.

**Mr. Li Hao (李浩)**, aged 39, was appointed as a non-executive Director of the Company on 20 March 2017. Mr. Li is concurrently the Operating Officer, the Deputy Head of East Asia Business Headquarters as well as the Managing Director of Greater China Group at ORIX Corporation, a diversified financial services company and whose shares are listed on the Tokyo Stock Exchange (securities code: 8591) and on the New York Stock Exchange (trading symbol: IX). Mr. Li has been with ORIX Corporation since October 2007. He is also the director and president of both ORIX Asia Capital Limited and ORIX (China) Investment Corporation\* (歐力士(中國)投資有限公司), which are wholly-owned subsidiaries of ORIX Corporation. Mr. Li has been serving as a non-executive director of Haichang Ocean Park Holdings Ltd., since 27 August 2018, whose shares are listed on the Stock Exchange (stock code: 2255) and a non-executive director of Shoucheng Holdings Limited, since 27 September 2018, whose shares are listed on the Stock Exchange (stock code: 697). Mr. Li graduated from the Graduate School of Finance, Accounting and Law at Waseda University in Japan with a Master's degree in business administration for finance. He has more than 13 years of experience in the fields of investment banking and finance.

#### **Independent Non-executive Directors**

**Ms. Jin Xinbin (靳新彬)**, aged 67, was appointed as an independent non-executive Director of the Company on 31 December 2020. Ms. Jin served as the general manager of Huaneng Energy & Communications Holding Co., Ltd.\* (華能能源交通產業控股有限公司); the chairman of the board, general manager and deputy general manager of China Huaneng International Economic Trading Company\* (中國華能國際經濟貿易公司); the general manager of Hebei branch of China Huaneng Group Co., Ltd.\* (中國華能集團有限公司); the deputy general manager of Huaneng Raw Materials Company\* (華能原材料公司); the vice president of Hebei Product Enterprise (Group) Company\* (河北物產企業(集團)公司). Ms. Jin also served as an external director of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司), which is a controlling Shareholder of the Company, from March 2015 to March 2019. Ms. Jin has extensive experience in management and the energy industry. Ms. Jin is a professor-level senior engineer. She obtained a bachelor's degree in metallurgical machinery and equipment from Northeastern University and a master's degree in economics from Hebei University.

**Ms. Li Hongwei (李紅薇)**, aged 59, was appointed as an independent non-executive Director of the Company on 18 June 2021. She currently serves as an independent director of China High Speed Railway Technology Co., Ltd.\* (神州高鐵技術股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000008) and a consultant of MTR Technical Consultancy (Beijing) Co., Ltd.\* (港鐵技術諮詢(北京)有限公司). Ms. Li served as the chief financial officer at deputy general manager level of Beijing MTR Corporation Limited\* (北京京港地鐵有限公司); a deputy general manager and general manager of finance and accounting department, a general manager and the chief financial officer (financial controller) of the securities clearing department of Beijing Securities Co., Ltd.\* (北京證券有限責任公司); a supervisor of China Asset Management Co., Ltd.\* (華夏基金管理有限公司); a member of financial accounting committee of securities industry of Securities Association of China (SAC); a manager of taxation department of Beijing Xinghua Certified Public Accountants; and the chief financial officer at deputy general manager level of Beijing Huguang International Jewelry Co., Ltd.\* (北京和光國際珠寶有限公司). Ms. Li is a senior accountant, certified public accountant of China (CPA) and certified tax agent of China (CTA), with extensive experience in financial management and accounting field. Ms. Li successively studied political economics in School of Economics at Beijing College of Economics and obtained a bachelor's degree in economics, and studied industrial economics in School of Business at Renmin University of China and obtained a doctorate degree in industrial economics.

**Mr. Zhu Jianbiao** (朱劍彪), aged 47, was appointed as an independent non-executive Director of the Company on 18 June 2021. He currently the responsible officer of Sunfine Asset Management (Hong Kong) Limited\* (順豐資產管理(香港)有限公司), a corporation holding Type 9 asset management license under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Zhu served as the chairman and the chief executive officer of Longfine Capital Management (Hengqin) Co., Ltd.\* (圓豐資本管理(橫琴)有限公司); the chief operating officer and members of the investment decision committee and the investment management committee of CITIC Private Equity Funds Management Co., Ltd.\* (中信產業投資基金管理有限公司); the executive deputy general manager and the chairman of the investment decision committee of Changsheng Fund Management Co., Ltd.\* (長盛基金管理有限公司); the chief inspector of Golden Hawk Fund Management Co., Ltd.\* (金鷹基金管理有限公司); an assistant manager of the investment banking department of Guangzhou Securities Co., Ltd.\* (廣州證券股份有限公司); and a lecturer of faculty of investment and finance of Guangdong University of Business Studies. Mr. Zhu has extensive experience in private equity investment, secondary market investment and financial management. Mr. Zhu graduated from Jiangxi University of Finance and Economics in planning and statistics, with a bachelor's degree in economics, and holds a master's and doctorate degrees in finance from Jinan University.

## SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Group:

Name	Age	Positions
Mr. Zhu Jun (朱軍)	53	Chief Executive Officer
Mr. Huang Hui (黃慧)	48	Chief Financial Officer

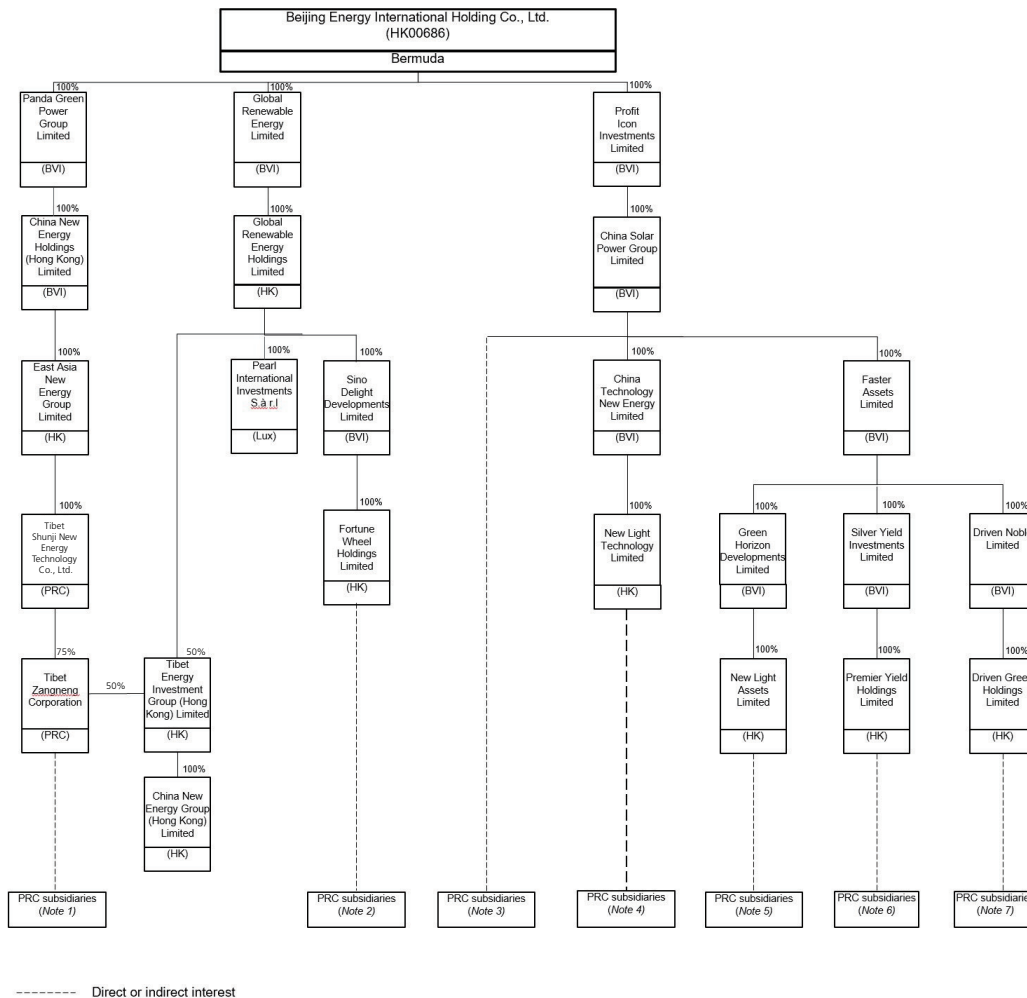
**Mr. Zhu Jun** (朱軍), aged 53, was appointed as the Chief Executive Officer of the Company on 18 September 2020. He is also a president of the Group and a director of certain subsidiaries of the Group. Mr. Zhu joined the Group in March 2020. Prior to joining the Group, Mr. Zhu served as a manager of equipment maintenance department, an assistant to general manager and the secretary of party branch of Shanxi Zhangshan Electric Power Co., Ltd.\* (山西漳山發電有限責任公司) ("Shanxi Zhangshan EP") successively from April 2003 to December 2004; a chief engineer and deputy general manager of Shanxi Zhangshan EP successively from December 2004 to March 2009; a deputy general manager of Guodian Power Dalian Zhuanghe Power Generation Co., Ltd.\* (國電電力大連莊河發電有限責任公司) from March 2009 to March 2010; the secretary of the party committee, executive director and general manager of Beijing Jingfeng Gas Fired Power Co., Ltd.\* (北京京豐燃氣發電有限責任公司) and an executive director and general manager of Beijing Jingfeng Thermal Power Co., Ltd.\* (北京京豐熱電有限責任公司) successively from March 2010 to June 2018; a deputy general manager of Beijing Jingneng Clean Energy Co., Limited\* (北京京能清潔能源電力股份有限公司) ("Jingneng Clean Energy"), the shares of which are listed on the main board of the Stock Exchange (Stock Code: 579) from June 2018 to February 2020, and served as an executive director of Jingneng Clean Energy from June 2019 to May 2020. Mr. Zhu has extensive experience in the energy industry. Mr. Zhu is a senior engineer in power engineering technology. He graduated from Electric Power Division of Shanxi Taiyuan University of Industry\* (山西太原工業大學電力分院) with a bachelor's degree in power plant thermal power and received a master's degree in engineering from School of Power and Mechanical Engineering from Wuhan University in industrial engineering.

**Mr. Huang Hui (黃慧)**, aged 48, was appointed as the Chief Financial Officer of the Company on 21 February 2020. He is also a vice president of the Group. Mr. Huang served as a deputy head of management division of finance department and head of price control division of Inner Mongolia Power (Group) Co., Ltd.\* (內蒙古電力(集團)有限責任公司); a deputy manager of financial department of Beijing Jingneng International Power Co., Ltd.\* (北京京能國際能源股份有限公司); a chief accountant and a secretary to the board of directors of Beijing Jingneng Power Co., Ltd.\* (北京京能電力股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600578); a chief accountant of Beijing Jingneng Clean Energy Co., Ltd.\* (北京京能清潔能源電力股份有限公司), the shares of which are listed on the main board of the Stock Exchange (stock code: 579), a chief accountant of its Beijing branch and a supervisor; a deputy department head of financial management department of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司), which is an indirect controlling Shareholder of the Company; a director and deputy general manager of Beijing Energy Investment (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), which is a direct controlling Shareholder of the Company; and a director of Jingneng Group Finance Co., Ltd.\* (京能集團財務有限公司). Mr. Huang has extensive experience in finance and management. Mr. Huang graduated from the Department of Finance of Inner Mongolia University of Finance and Economics with a bachelor's degree in economics majored in monetary banking, and received a master's degree in business administration from North China Electric Power University.

## SHAREHOLDING AND DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHARE OPTIONS

### Corporate Structure

Set out below is our corporate structure as at the date of this Offering Memorandum:



### Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As of the date of the Offering Memorandum, the interests and short positions of our Directors and chief executives in our shares, underlying shares or debentures or any of our associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

### **Long positions in the Company's Shares**

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares/underlying Shares held</b>	<b>Approximate percentage of shareholding (%)</b>
Mr. Lu Zhenwei . . . . .	Beneficial owner	5,000,000 (Long position)	0.02%

*Note:*

(1) These interests represent options granted to the Director as beneficial owner under the Share Option Scheme.

Save as disclosed above, none of the Directors or our chief executives had or was deemed to have any interests or short positions in our shares, underlying shares or debentures or any of our associated corporations as of the date of this Offering Memorandum.

### **Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares**

As at December 31, 2020, the followings are the persons, other than our Directors or chief executives, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by us pursuant to section 336 of Part XV of the SFO:

#### **Long positions in the Shares and Underlying Shares of the Company**

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding (%)</b>
Beijing Energy Investment . . . . .	Beneficial Owner	7,176,943,498 (Note 2)	32.00%
CMG . . . . .	Interest in controlled corporation	2,708,807,089 (Note 3)	16.67%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,028,894,240 (Note 4)	
CMNEG. . . . .	Beneficial owner	579,944,250	16.67%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,805,764,513 (Note 5)	
	Other	1,351,992,566 (Note 6)	
NEX . . . . .	Beneficial owner	274,055,449	10.64%
	Interest in controlled corporation	186,627,621	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,925,025,693 (Note 7)	
China Huarong . . . . .	Interest in controlled corporation	3,048,927,933 (Note 8)	13.59%
Huaqing Solar Power Limited	Beneficial owner	3,048,750,000 (Note 9)	13.59%
China Merchants Securities Co., Ltd. . . . .	Interest in controlled corporation	1,407,404,937 (Long position) (Note 10)	6.28%
	Interest in controlled corporation	1,351,992,566 (Short position) (Note 11)	6.03%
China Structural Reform Fund Co., Limited ("China Structural Reform") . . . . .	Interest of controlled corporation	1,216,793,309 (Note 12)	5.43%

<u>Name of Shareholder</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held</u>	<u>Approximate percentage of shareholding (%)</u>
Postal Savings Bank of China Co., Ltd. . . . .	Interest in controlled corporation	1,216,793,309 (Note 13)	5.43%
Li Alan . . . . .	Beneficial owner	99,005,000	17.11%
	Interest in controlled corporation	510,859,422 (Note 14)	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	3,226,841,907 (Notes 11 and 15)	
Zeng Xiangyi . . . . .	Beneficial owner	15,603,800	10.74%
	Beneficial owner of a trust	6,403,200 (Note 16)	
	Interest in controlled corporation	57,351,748 (Note 17)	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	2,328,357,015 (Note 18)	

*Note:*

- (1) These percentages are calculated based on 22,427,948,432 listed Shares in issue as at December 31, 2020.
- (2) These Shares were held by Beijing Energy Investment, which is a direct wholly-owned subsidiary of BEH.
- (3) (i) 776,870,273 Shares were held by Snow Hill Developments Limited (“**Snow Hill**”), an indirect wholly-owned subsidiary of CMG; (ii) 579,944,250 Shares were held by CMNEG, which is indirectly owned as to 79.36% by CMG; (iii) the economic interests of 1,216,793,309 Shares were beneficially owned by Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund (LP)(深圳國調招商併購股權投資基金合夥企業(有限合夥)) (“**Shenzhen Guotiao**”), which is managed by Shenzhen City China Merchants Huihe Equity Investment Fund Management Co., Limited (深圳市招商慧合股權投資基金管理有限公司) as general partner, an indirect wholly-owned subsidiary of CMG; and (iv) the economic interests of 135,199,257 Shares were beneficially owned by Shenzhen City Guoxie First Equity Investment Fund (LP)(深圳市國協一期股權投資基金合夥企業(有限合夥)) (“**Guoxie First**”), which is managed by Shenzhen City China Merchants Guoxie First Equity Investment Fund Management Co., Limited (深圳市招商國協壹號股權投資基金管理有限公司) as general partner, an indirect wholly-owned subsidiary of CMG.
- (4) These Shares were held by a group of Shareholders acting in concert with CMNEG, including NEX, Pairing Venture Limited, Magicgrand Group Limited and Sino Arena Investments Limited, pursuant to an agreement under Section 317 of the SFO. CMG was taken to be interested in 1,028,894,240 Shares.
- (5) These Shares were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO. CMNEG was taken to be interested in 1,805,764,513 Shares.
- (6) Shenzhen Guotiao and Guoxie First, being the associates of CMNEG, beneficially own 1,216,793,309 Shares and 135,199,257 Shares respectively.
- (7) These Shares were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO. NEX was taken to be interested in 1,925,025,693 Shares.
- (8) These Shares were held by the subsidiaries of China Huarong Overseas Investment Holdings Co., Limited (中國華融海外投資控股有限公司), which is an indirect wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司), owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd. (華融致遠投資管理有限責任公司), which is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司).
- (9) These Shares were held by Huaqing Solar Power Limited, which is an indirect wholly-owned subsidiary of QCCI.
- (10) Among these Shares, 55,412,371 Shares were held by China Merchants Fund Management Co., Ltd. (招商基金管理有限公司), which is owned as to 45% by China Merchants Securities Co., Ltd., and 1,351,992,566 Shares were held by Bosera Asset Management Co., Limited (博時基金管理有限公司) (“**Bosera**”), which is owned as to 49% by China Merchants Securities Co., Ltd.

- (11) Bosera entered into an agreement with Shenzhen City China Merchants Technology Investment Ltd. (深圳市招商局科技投資有限公司) (“**Shenketou**”), pursuant to which Bosera holds the 1,351,992,566 Shares under its name (through a product) and transfer the economic interest of the Shares to Shenketou; and Shenketou has entered into an agreement with Shenzhen Guotiao and Guoxie First, pursuant to which Shenketou will transfer the economic interest of the Shares it has received to Shenzhen Guotiao and Guoxie First.
- (12) The economic interests of these Shares were beneficially owned by Shenzhen Guotiao, which is owned as to 75.81% by China Structural Reform. China Structural Reform is indirectly owned as to 38.2% by CCB Trust Co. Ltd. (建信信託有限責任公司) and 22.9% by China Chengtong Holding Group Co., Ltd. (中國誠通控股集團有限公司), and managed by Chengtong Fund Management Co., Ltd. (誠通基金管理有限公司) as general partner.
- (13) Postal Savings Bank of China Co., Ltd. (中國郵政儲蓄銀行股份有限公司) is beneficiary of a trust named CCB Trust – Indus tree collective fund trust plan (asset allocation class 26 investment unit) (建信信託 – 梧桐樹集合資金信託計劃(資產配置類26號投資單元)) which has long position of these Shares.
- (14) Among these Shares, 18,173,487 Shares were held by Pairing Venture Limited, and 492,685,935 Shares were held by Magicgrand Group Limited, which is owned as to 61.17% by Pairing Venture Limited.
- (15) These Shares were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO, and the associates of CMNEG, namely Shenzhen Guotiao and Guoxie First.
- (16) These Shares were held by Sino Arena Investments Limited under a trust arrangement.
- (17) These Shares were held by Sino Arena Investments Limited, which is held as to 100% by Zeng Xiangyi.
- (18) These Shares were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO.
- (19) Further to the Shareholders as set out above, as at December 31, 2020, each of Sino Arena Investments Limited, Magicgrand Group Limited and Pairing Venture Limited, was holding 57,351,748 Shares, 492,685,935 Shares and 18,173,487 Shares respectively, each being a party acting in concert with CMNEG, Snow Hill and NEX pursuant to an agreement under Section 317 of the SFO.

Save as disclosed above, the Directors are not aware of any person (not being a Director or a chief executive) who, as at December 31, 2020, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### **Share Option Scheme**

At our annual general meeting held on 19 June 2012, the shareholders approved the adoption of a share option scheme (“**Share Option Scheme**”). On 8 January 2015, a total of 64,500,000 share options to subscribe for 64,500,000 shares were granted under the Share Option Scheme. On 28 January 2016, a total of 36,568,319 share options to subscribe for 36,568,319 Shares were granted under the Share Option Scheme.

As the original scheme limit of the Share Option Scheme had been almost fully utilised, the scheme limit of the Share Option Scheme was refreshed by the Shareholders’ approval at the annual general meeting held on May 26, 2017. After the refreshment, a total of 589,250,000 share options to subscribe for 589,250,000 shares were granted on June 16, 2017, and 80,000,000 share options to subscribe for 80,000,000 shares were granted on September 12, 2017.

As at the date of the Offering Memorandum, 571,179,548 share options to subscribe for a total of 571,179,548 shares, representing approximately 2.55% of the Company’s total number of issued shares were available for issue under the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after its adoption date and the remaining life of the Share Option Scheme is 1 year.



## DIVIDENDS

On December 18, 2018, we adopted a dividend policy (the “**Dividend Policy**”), which is designed to set guidelines on dividend distribution that maintain the balance between appropriately rewarding shareholders through dividends and retaining necessary capital to support our future development. The Dividend Policy is in accordance with the applicable provisions of the Bermuda Companies Act 1981, laws and rules in the jurisdictions that we have operations and the Bye-laws, as in force and as amended from time to time.

Under the policy, the board will recommend dividend distribution fairly and sustainably based on various internal and external factors, including our current and prospective financial performance, growth and investment opportunities, other macro and micro economic factors and other factors/events that our board may deem as relevant. Our Company would employ the retained earnings for conducting activities in normal course of business, including but not limited to funding our future business growth, expansion plans or such other purpose the board may deem fit in the best interest of us and our shareholders as a whole. Our board may vary or not recommend any dividend if the criteria for recommending of dividend has not been met us, especially when there is loss or inadequacy of profit or cash flow, when the board has made decisions to undertake any acquisition, amalgamation, merger or takeover that will result in significant capital outflow, or when we have been prohibited from declaring dividends under any contractual obligation or by any regulatory authority, and when there are any other extraordinary circumstances. The board did not recommend the payment of any dividend in respect of the year ended December 31, 2020.

## DESCRIPTION OF THE SHARES

*The following is a description of the Shares, including summaries of material relevant provisions of our Memorandum of Association and Bye-Laws and the Companies Act 1981. These summaries do not purport to be complete and are qualified in their entirety by reference to the full Memorandum of Association and Bye-laws.*

### MEETINGS

An annual general meeting of our Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the Designated Stock Exchange (as defined in the Bye-laws), if any) and place as may be determined by the board.

An annual general meeting shall be called by Notice (as defined in the Bye-laws) of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings may be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

The Notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of the Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the directors and the auditors.

### VOTING RIGHTS (GENERALLY AND ON A POLL) AND RIGHT TO DEMAND A POLL

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

Where we have knowledge that any member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose

seniority shall be determined by the order in which the names stand in the Register (as defined in the Bye-laws) in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the Bye-laws be deemed joint holders thereof.

A member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the board may require of the authority of the person claiming to vote shall have been deposited at the Office (as defined in the Bye-laws), head office or Registration Office (as defined in the Bye-laws), as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

No member shall, unless the board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in our Company have been paid.

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in our minute book, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. Our Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.

Where a member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of our Company or at any meeting of any class of members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the Bye-laws shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

## **VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES**

Subject to the Companies Act 1981 (the “Act”) and without prejudice to the Bye-laws, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not our Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Bye-laws relating to general meetings of our Company shall, *mutatis mutandis*, apply, but so that:

- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum; and
- (b) every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

### **TRANSFER OF SHARES**

Subject to the Bye-laws, any member may transfer all or any of his shares in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to the above, the board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in the Bye-laws shall preclude the board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

The board may decline to recognise any instrument of transfer unless:

- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the board may from time to time require is paid to our Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

If the board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with our Company, send to each of the transferor and transferee notice of the refusal.

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the board may determine.

### **SHARE REPURCHASE**

Without prejudice to the powers of our Company under general law to purchase or otherwise acquire other securities of or securities derived from any securities of our Company, our Company shall, pursuant to Section 42A of the Act, have the power to purchase its own shares.

### **DIVIDENDS AND OTHER METHODS OF DISTRIBUTION**

Subject to the Act, our Company in general meeting may from time to time declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. Our Company in general meeting may also make a distribution to the members out of any contributed surplus (as ascertained in accordance with the Act).

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The board may from time to time pay to the members such interim dividends as appear to the board to be justified by our profits and in particular (but without prejudice to the generality of the foregoing) if at any time our share capital is divided into different classes, the board may pay such interim dividends in respect of those shares in our capital which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the board acts bona fide the board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of our Company half-yearly or on any other dates, whenever such profits, in the opinion of the board, justifies such payment.

The board may deduct from any dividend or other moneys payable to a member by our Company on or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

No dividend or other moneys payable by our Company on or in respect of any share shall bear interest against our Company.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared, the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of our Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the board and may appoint any person to sign any

requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the members. The board may resolve that no such assets shall be made available to members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the board, be unlawful or impracticable and in such event the only entitlement of the members aforesaid shall be to receive cash payments as aforesaid. members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of members for any purpose whatsoever.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to our Company. The payment by the board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the board may further resolve either:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the board so determines) in cash in lieu of such allotment.
- (b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

#### **INSPECTION OF CORPORATE RECORDS**

The Register and branch register of members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon during business hours by members of the public without charge at the Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the board may determine and either generally or in respect of any class of shares.

## **PROCEDURES ON LIQUIDATION**

The board shall have power in the name and on behalf of our Company to present a petition to the court for our Company to be wound up. A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the members in specie or kind the whole or any part of the assets of our Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of our Company may be closed and our Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

## TAXATION

*The following summary of certain Bermuda, Hong Kong and PRC tax consequences relating to the Bonds is based upon applicable laws, regulations, rulings and decisions as of the date of this offering memorandum, 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 the Bonds for, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Potential investors of the Bonds should consult their own tax advisers concerning the tax consequences of such exchange as well as the ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.*

### BERMUDA

#### *Tax*

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by holders of our securities who are resident outside Bermuda. We have obtained an assurance under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to us or any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to person ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda.

#### *Stamp Duty*

We are exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies).

### HONG KONG

#### *Withholding Tax*

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Bonds) or interest in respect of the Bonds.

#### *Profits Tax*

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”), as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Bonds where such sale, disposition or redemption is or forms part of a trade, profession or business carried on in Hong Kong. Interest payments on the Bonds will be subject to Hong Kong profits tax where such payments have a Hong Kong source, and are received by or accrue to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arise through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.



Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposition of the Bonds where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

#### *Stamp Duty*

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond (for so long as the register of holders of the Bonds is maintained outside Hong Kong).

### **PRC**

#### *Taxation on Interest*

The EIT Law and its implementation rules effective 1 January 2008, impose a withholding tax at the rate of 10% on interest from PRC sources paid to holders of Bonds that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or if, despite the existence of an establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, unless a preferential rate is provided by tax treaties or arrangements between the country or region where the non-resident is domiciled and the PRC. We may be considered a PRC tax resident enterprise. Although the issue is not entirely clear, if we are considered a PRC resident enterprise, interest payable to non-resident holders on the Bonds may be treated as income derived from sources within China and be subject to PRC withholding tax at the rate of 10% in the case of non-resident enterprise holders of the Bonds pursuant to the EIT Law, or PRC individual withholding tax at the rate of 20% in the case of non-resident individual holders of the Bonds pursuant to PRC individual income tax laws and their implementation rules. We currently do not intend to withhold taxes from interest payments, but there can be no assurance that the PRC income tax authorities will accept our position on this issue. To the extent that China has entered into treaties or 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 investors in the Bonds entitled to the benefits of such arrangements. That said, it is unclear whether in practice, if we are considered a PRC “resident enterprise”, holders of our Bonds would be able to obtain the benefit of income tax treaties or agreements entered into between China and other countries or areas.

#### *Taxation on Capital Gains*

The EIT Law and its implementation rules impose a tax at the rate of 10% on capital gains from PRC sources realised by holders of notes that are “non-resident enterprises” if any such “non-resident enterprise” holder does not have an establishment or place of business in China or if, despite the existence of an establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China. We may be considered a PRC tax resident enterprise. Although the issue is not entirely clear, if we are considered a PRC resident enterprise, the capital gains realised by non-resident holders of the Bonds may be treated as income derived from sources within China and be subject to PRC income tax at the rate of 10% in the case of non-resident enterprise holders of the Bonds pursuant to the EIT Law or PRC individual income tax at the rate of 20% in the case of non-resident individual holders of the Bonds pursuant to PRC individual income tax laws and their implementation rules. The tax obligations under PRC tax laws and their implementation rules may be decreased or exempted by applicable tax treaties; however, it is unclear whether in practice, if we are considered a PRC “resident enterprise”, holders of our Bonds would be able to obtain the benefit of income tax treaties or agreements entered into between China and other countries or areas.

## *VAT*

On 23 March 2016 the MOF and the SAT issued the Circular of Taxation on Full Launch of the Pilot Scheme on Levying Value-Added Tax in Place of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》)(“**Circular 36**”) which stipulates that the business tax will be completely replaced with VAT from 1 May 2016 onwards; therefore, income derived from the provision of financial services, which previously incurred business tax, will now be subject to VAT.

Circular 36 has recently been issued and much uncertainty remains as to its application. The following statements regarding Circular 36 may be subject to further changes following clarification from the competent tax authority.

While still subject to the competent tax authority’s further clarification or interpretation, when a holder of the Bonds is an entity located outside of the PRC, and such holder resells the Bonds to an individual or entity located outside of the PRC and derives a gain on such sale, neither the service provider nor the service recipient, both being located outside the PRC, are likely to be impacted by Circular 36. Further, when a holder of the Bonds, who is an individual, resells the Bonds, VAT may be exempted pursuant to Circular 36 if the resale of the Bonds is treated as resale of financial products. However, where an entity is a holder of the Bonds and resells the Bonds, to either an entity or an individual, there is uncertainty as to the applicability of VAT if either the seller or the buyer of the Bonds is located within the PRC.

## *Stamp duty*

No PRC stamp duty will be imposed on non-resident holders of the Bonds either upon the issuance or the transfer of a Bond, so long as the register of holders of the Bonds is maintained outside China and the sale of the Bonds is made outside the PRC.

## SUBSCRIPTION AND SALE

We have entered into a subscription agreement with KGI Asia Limited (the “**Sole Lead Manager**”) dated 22 June 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, we have agreed to issue and the Sole Lead Manager has agreed with us to subscribe for the principal amount of the Bonds.

The Sole Lead Manager are offering the Bonds in accordance with the terms of the Subscription Agreement and subject to certain conditions contained in the Subscription Agreement, including, *inter alia*, the receipt by the Sole Lead Manager of documentation related to the issuance and sale of the Bonds and legal opinions. The Subscription Agreement may be terminated by the Sole Lead Manager in certain circumstances at any time up to the time when the proceeds of the offering have been received and the Bonds issued. The Subscription Agreement provides that we will indemnify the Sole Lead Manager against certain liabilities in connection with the offer and sale of the Bonds.

Within the Subscription Agreement, we have granted to the Sole Lead Manager the Increase Option to subscribe and pay for, or to procure subscribers to subscribe and pay for, all or any of the Option Bonds up to a further aggregate principal amount of US\$50,000,000, and the Option shall be exercisable on one occasion from date of the Subscription Agreement and prior to 5.00pm (Hong Kong time) on the date falling 90 days after the Original Issue Date, provided that the Increase Option may only be exercised if the Conversion Price as adjusted pursuant to the Terms and Conditions of the Bonds (if applicable) is higher than the Closing Price of the Shares on the date on which the Option is exercised.

We will pay the Sole Lead Manager’s customary fees and commissions in connection with the offering and will reimburse the Sole Lead Manager for certain fees and expenses incurred in connection with the offering.

The Sole Lead Manager proposes initially to offer the Bonds at the Issue Price set forth on the cover page of this offering memorandum and for resale in transactions not requiring registration under the Securities Act pursuant to Regulations S.

If a jurisdiction requires that the issue of the Bonds be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the issue of the Bonds shall be deemed to be made by the Sole Lead Manager or such affiliate on our behalf in such jurisdiction.

### **New Issue of the Bonds**

The Bonds are a new issuance of securities with no established trading market. Application has been made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the Bonds by way of debt issues to Professional Investors only, however, no assurance can be given as to the liquidity of any trading market for the Bonds. A liquid or active public trading market for the Bonds may not develop. If an active trading market for the Bonds does not develop, the market price and liquidity of the Bonds may be adversely affected. If the Bonds are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors.

Neither we nor the Sole Lead Manager make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Bonds. In addition, neither we nor the Sole Lead Manager make any representation that the Sole Lead Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

## **Other Relationships**

The Sole Lead Manager or its affiliates may purchase the Bonds for its or their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or our securities and our respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this offering memorandum relates (notwithstanding that such selected counterparties may also be purchaser of the Bonds). The Sole Lead Manager and/or its affiliate(s) may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution, and may in that capacity retain, purchase or sell for its own account such securities and any of our securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Sole Lead Manager and/or its affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Sole Lead Manager and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Sole Lead Manager and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our subsidiaries, jointly controlled entities or associates from time to time. The Sole Lead Manager has received, and may in the future receive, customary fees and commissions for these transactions. In addition to the transactions noted above, the Sole Lead Manager and its affiliates may, from time to time, engage in other transactions with, and perform services for, us or our subsidiaries, jointly controlled entities or associates in the ordinary course of their business. In addition, the Sole Lead Manager and certain of its subsidiaries and affiliates may hold shares or other securities in us as beneficial owners, on behalf of clients or in the capacity of investment advisers.

## **Selling Restrictions**

### *General*

No action has been taken or will be taken in any country or jurisdiction that would permit a public offering of the Bonds, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Bonds, in any jurisdiction where action for any such purpose may be required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

### *United States*

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons outside the United States except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only to non-U.S. Persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Furthermore, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by a dealer whether or not participating in this offering may violate the registration requirements of the Securities Act.

### *United Kingdom*

The Sole Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to us; 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 any Bonds in, from or otherwise involving the United Kingdom

### *Prohibition of Sales to EEA Retail Investors*

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA.

For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of 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.

### *Prohibition of Sales to UK Retail Investors*

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom.

For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) 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
- (b) 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.

### *Hong Kong*

The Sole Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

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

#### *Japan*

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No 25 of 1948) (as amended) (the “**FIEL**”), and disclosure under the FIEL has not been made with respect to the Bonds. Accordingly, the Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the account of, any resident 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 any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organised under the laws of Japan.

#### *Singapore*

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (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 Bonds pursuant to an offer made under Section 275 of the SFA:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;

- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

#### *PRC*

This offering memorandum does not constitute a public offer of the Bonds, whether by way of sale or subscription, in the PRC. The Bonds are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

#### *Bermuda*

No offer or invitation may be made to the public in Bermuda to subscribe for the Bonds and the Sole Lead Manager has not offered or sold, or will not offer or sell, any Bonds in Bermuda.

## TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds.

The Bonds are subject to restrictions on transfer as summarised below. By accepting the Bonds, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Sole Lead Manager:

1. You understand and acknowledge that:
  - the Bonds have not been registered under the U.S. Securities Act or any other applicable securities laws;
  - the Bonds are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws;
  - the Bonds are being offered and sold only to non-U.S. Persons outside the United States in offshore transactions in reliance on Rule 903 of Regulation S under the U.S. Securities Act; and
  - unless so registered, the Bonds may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws.
2. You represent that you are not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of ours, that you are not acting on our behalf and that you are purchasing the Bonds in an offshore transaction in accordance with Regulation S and you are not a U.S. person (without the meaning of Regulations S under the U.S. Securities Act).
3. You represent that you are not located or resident in Hong Kong or, if you are located or resident in Hong Kong, you are a professional investor within the meaning of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and any rules made thereunder.
4. You acknowledge that neither we nor the Sole Lead Manager nor any person representing us or the Sole Lead Manager has made any representation to you with respect to us or the offering of the Bonds, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Bonds. You agree that you have had access to such financial and other information concerning us and the Bonds as you have deemed necessary in connection with your decision to purchase the Bonds including an opportunity to ask questions of and request information from us.
5. You represent that you are purchasing the Bonds for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Bonds in violation of the U.S. Securities Act.
6. You acknowledge that each Bond will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE RE-OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT



TO, SUCH REGISTRATION. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT.

7. You acknowledge that we, the Sole Lead Manager, the Trustee, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Bonds is no longer accurate, you will promptly notify us, the Sole Lead Manager and the Transfer Agent. If you are purchasing any Bonds as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.
8. You also acknowledge that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, you have represented, warranted and agreed that you have not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will you circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

*The Global Certificate contains the following provisions which apply to the Bonds in respect of which they are issued whilst they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Bonds. Terms defined in the Terms and Conditions of the Bonds have the same meaning in paragraphs 1 to 7 below.*

### 1. Accountholders

For so long as all of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Bonds (and the expression “**Bondholders**” and references to “**holding of Bonds**” and to “**holder of Bonds**” shall be construed accordingly) for all purposes other than with respect to payments on such Bonds, the right to which shall be vested, as against us and the Trustee, solely in the nominee for the relevant clearing system or the common depository (the “**Relevant Nominee**”) in accordance with and subject to the terms of this Global Certificate and the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream (as the case may be) for its share of each payment made to the Relevant Nominee.

### 2. Cancellation

Cancellation of any Bond following its redemption or purchase by us or any of our Subsidiaries will be effected by a reduction in the aggregate principal amount of the Bonds in the register of Bondholders and by the annotation of the appropriate schedule to the Global Certificate.

### 3. Payments

Payments of principal, premium (if any) and interest in respect of Bonds represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means a day on which Euroclear and Clearstream are open for business.

Distributions of amounts with respect to book-entry interests in the Bonds held through Euroclear or Clearstream will be credited, to the extent received by the Relevant Nominee, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

#### **4. Notices**

For so long as all of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative accountholders. Any such notice shall be deemed validly given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

#### **5. Registration of Title**

Registration of title to Bonds in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies us that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system approved by the Trustee is not appointed by us within 90 days of receiving such notice from Euroclear or Clearstream, as relevant. In these circumstances, title to a Bond may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Bonds so transferred may not be available until 21 days after the request for transfer is duly made.

#### **6. Transfers**

Transfers of book-entry interests in the Bonds will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

#### **7. Bondholders' Redemption**

For so long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, the Bondholder's redemption option in Conditions 9(E) and 9(F) may be exercised by any holder of Bonds giving notice to any Agent in accordance with the standard procedures of Euroclear or Clearstream (which may include notice being given on his instructions by Euroclear or Clearstream or any common depository for them or the Relevant Nominee to any Agent by electronic means) of the principal amount of Bonds in respect of which the option is exercised and presenting or procuring the presentation of the Global Certificate to such Agent for endorsement within the time limits specified in the Conditions.

## INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2020 incorporated by reference in this offering memorandum have been audited by Grant Thornton, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, as stated in their 2020 Audit Opinion reproduced from our annual reports for the years ended December 31, 2020 and incorporated by reference elsewhere in this offering memorandum. Grant Thornton had issued a qualified opinion on the basis described in their 2020 Audit Opinion and as set out “*Summary Consolidated Financial Information*”. Please also see “*Risk Factor – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects.*”

## GENERAL INFORMATION

### CONSENTS

We have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds, the Subscription Agreement, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by written resolution of the directors of the Issuer on 22 June 2021. We have received an Enterprise Foreign Debt Filing Registration Certificate dated 16 September 2020 from NDRC in connection with the Pre-issuance Registration.

### LEGAL ENTITY IDENTIFIER

Our legal entity identifier is 254900VFLEZ5307NZ502.

### LITIGATION

None of our or any of our subsidiaries is or has been involved in any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware, during the 12 months preceding the date of this offering memorandum, which may have, or have had, a significant effect on our business or financial position or that of any of our subsidiaries.

### NO MATERIAL ADVERSE CHANGE

Except as otherwise disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since 31 December 2020 that is material in the context of the issue of the Bonds.

### DOCUMENTS AVAILABLE

For so long as any of the Bonds are outstanding, copies of the Trust Deed, the Agency Agreement relating to the Bonds, and our Memorandum and Articles of Association may be inspected by the holders of Bonds upon satisfactory proof of holding free of charge during normal business hours on any Business Day (except public holidays) at the principal office of the Company.

For so long as any of the Bonds are outstanding, copies of our audited financial statements for the last two financial years, if any, may be obtained during normal business hours on any Business Day (except public holidays) at the principal office of the Company.

### CLEARING SYSTEMS

The Bonds have been accepted for clearance through Euroclear and Clearstream. Certain trading information with respect to the Bonds is set forth below:

	ISIN	Common Code
The Bonds .....	XS2357661326	235766132

### LISTING OF THE NOTES

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only as described in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the correctness of any statements made on opinions or reports contained in this offering memorandum, 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 memorandum. Admission of the Bonds to the official list of the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bonds or us.

## FINANCIAL STATEMENTS

The financial statements as of and for the years ended 31 December 2020, which are incorporated by reference in this offering memorandum, have been audited by Grant Thornton, as stated in their reports incorporated by reference herein. Grant Thornton had issued a qualified opinion on the basis described in their 2020 Audit Opinion and as set out “*Summary Consolidated Financial Information*”. Please also see “*Risk Factor – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects.*”

The financial statements as of and for the years ended 31 December 2019, which are incorporated by reference in this offering memorandum, have been audited by PwC, as stated in their reports incorporated by reference herein. PwC had issued a disclaimer of opinion on the basis described in their 2019 Financial Statements. Please also see “*Risk Factor – An investigation was carried out on prepayment of deposits to some companies for investment in certain renewable energy projects*”.

Our consolidated financial statements are prepared under HKFRS. These consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.

## REGISTERED OFFICES

<i>Registered office</i>	<i>Principal Place of Business in Hong Kong</i>
Beijing Energy International Holding Co., Ltd. Clarendon House 2 Church Street Hamilton HM11 Bermuda	Beijing Energy International Holding Co., Ltd. Unit 1012, 10/F., West Tower Shun Tak Centre 168-200 Connaught Road Central, Hong Kong

## TRUSTEE

The Hongkong and Shanghai Banking Corporation Limited  
Level 24, HSBC Main Building  
1 Queen's Road Central, Hong Kong

## PAYING AGENT, TRANSFER AGENT AND REGISTRAR

The Hongkong and Shanghai Banking Corporation Limited  
Level 24, HSBC Main Building  
1 Queen's Road Central, Hong Kong

## OUR LEGAL ADVISORS

<i>As to PRC law</i>	<i>As to English law</i>	<i>As to Bermuda law</i>
Zhong Lun 23-31/F, South Tower of CP Center, 20 Jin He East Avenue, Chaoyang District, Beijing 100020, P.R China	Clifford Chance One Connaught Place 27/F, Jardine House Central, Hong Kong	Conyers Dill & Pearman 29/F, One Exchange Square, 8 Connaught Place Central, Hong Kong

## LEGAL ADVISERS TO THE SOLE LEAD MANAGER

<i>As to English law</i>	<i>As to PRC law</i>
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## INDEPENDENT ACCOUNTANTS

Grant Thornton Hong Kong Limited  
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Wanchai, Hong Kong